

**BOY, WHAT A WIN  
VIVA FOR A DIVA WHO  
WAS ONCE A MAN**

NEWS, PAGE 3

**EVERTON STAY UP  
TOFFEES IN GREAT  
ESCAPE - AGAIN**

SPORT TABLOID

**LORD OF THE TILLS  
DEBORAH ROSS CHECKS  
OUT DAVID SAINSBURY**

INTERVIEW, PAGE 13

# THE INDEPENDENT

Monday 11 May 1998 45p (IR 50p) No 3,607

## Four UK firms flew guns to Sierra Leone

By Fran Abrams  
and Brian Johnson-Thomas

FOUR British air companies shipped arms earlier this year to overthrow the military regime in Sierra Leone, the *Independent* has learned.

Up to 150 tonnes of AK-47 rifles, 60mm mortars and ammunition are now believed to have been flown into the region to help reinstate the Sierra Leone president, Ahmad Tejan Kabbah. Customs and Excise is expected to look into the roles of two air brokers and two airlines which are believed to have flown weapons to President Kabbah.

As Robin Cook, the Foreign Secretary, cancelled engagements and closeted himself in the Foreign Office with senior advisers, the air of political crisis deepened. Mr Cook appeared on television to repeat his assertion that there had been no ministerial involvement in the affair, while the firm of mercenaries involved issued a statement claiming it had not breached a UN arms embargo.

Previous information suggested that just one shipment, of 30 tonnes of arms, was flown in Sierra Leone on 12 March, after the military junta which overthrew the elected government in May 1997 had been ousted. It has now emerged that four earlier consignments were sent to President Kabbah, who was exiled in Guinea, during

January and February. It is believed that the first consignments of arms were flown from Berghaus in Bulgaria to Conakry in Guinea, possibly stopping for refuelling in Algeria. Last night Customs and Excise sources said they were unsure whether supplying arms to the government-in-exile in Guinea broke the UN embargo covering Sierra Leone.

Sky Air Cargo Services UK, which is based in London and has a single Liberian-registered Boeing 707 cargo plane, has admitted having been interviewed by Customs officers. But its partner, Syed Naqvi said he was unaware of the cargo and that he had documentation to show the flight was legal. He is believed to have received the work through a British broker based outside London. Another British operator and a second British broker are also believed to have been involved, and are expected to be interviewed by Customs.

Yesterday Mr Cook continued to maintain that there was no ministerial involvement in the affair despite claims by the mercenary company Sandline that it had meetings with a number of Foreign Office officials and with the British High Commissioner to Sierra Leone, Peter Penfold. Mr Cook also denied newspaper reports yesterday that ministers in the Ministry of Defence knew about Sandline's involvement.

He said: "There was no policy to support any mercenary involvement in overthrowing the junta in Sierra Leone. We stood full-square by the UN resolution... which imposed an arms embargo on Sierra Leone. That is the Government's policy and I would expect that government policy to be followed through by everyone." Mr Cook said any minister found to have knowingly misled the House of Commons or adopted the wrong policy would resign.

It also emerged that Mr Cook had cut off contact with the Foreign Office officials under investigation after allegations that they met Sandline. Instead, he was receiving advice from his political team and from the Permanent Secretary, Sir John Kerr. An aide to Mr Cook said this was standard practice because of the risk that the investigation might be prejudiced.

The Prime Minister's official spokesman said: "While of course any deliberate breach of United Nations sanctions would be wrong, we can be absolutely robust in reminding people that President Kabbah was toppled and had United Nations and Commonwealth opinion united in support of him. Indeed the Prime Minister specifically invited Kabbah to the Commonwealth Heads of Government meeting in Edinburgh as a way of signalling that."

Sandline denial, page 2



Together: Martin McGuinness and Gerry Adams welcome Hugh Doherty, one of the Balcombe Street gang Photograph: AP/Paul McLane

## IRA men help Sinn Fein vote 'yes'

By David McKittrick  
Ireland Correspondent

SINN FEIN yesterday took what one of its leaders described as "one of the boldest, most daring decisions of our political lives", by opting for involvement in a new Northern Ireland government.

A special *ard-fheis* (conference) voted overwhelmingly in favour of changing the party's decades-old constitution. The change came about with the blessing of a number of IRA icons, in particular four members of the Balcombe Street gang, who were given a rapturous reception by the conference

and were warmly embraced by Sinn Fein leaders Gerry Adams and Martin McGuinness.

The four had been released for the day from an Irish jail where they had recently been transferred after serving 23 years in England. Their record in the mid-Seventies encompassed around 16 killings, including those of seven people who died in the Guildford and Woolwich pub bombings of 1974.

The vote clears the way for Sinn Fein members, for the first time in their history, to take their seats in the new Belfast Assembly which is to be established under the Good Friday agreement. It was also made clear that

Sinn Fein leaders such as Mr Adams and Mr McGuinness expected to be given seats in the new cross-party executive which will run the Assembly. Unionists are expected to oppose such involvement, arguing that the IRA must first decommission its weaponry.

After almost six hours of debate in Dublin, 331 of the 350 delegates voted for changing the Sinn Fein constitution. The party also decided, by what was described as a vast majority, to call for a "Yes" vote in the two referendums, north and south, which are to be held on the agreement on 22 May. Although the conference

was always expected to back the agreement, the appearance of the Balcombe Street four set the occasion alight, personifying as it did the fact that under the accord all prisoners are to be released within a two-year period. One Republican said of their welcome: "It wasn't a celebration of what they did. It was... the sense that soldiers are coming home." One speaker said: "These men are our Mandelas."

The policy shift overturns what was regarded as a cardinal principle of Republicanism. Sinn Fein executive member Jim Gibney described it as "seismic, historic, a watershed". In addition to the Balcombe Street unit, prisoners also appeared, released for the day, from other jails in both parts of Ireland. All made strong speeches in favour of the agreement. An attempted mortar attack on a police station in Northern Ireland was seen as an attempt by a dissident faction of the IRA to destabilise Sinn Fein's involvement in the peace process. The attack aimed at the RUC station at Belleek, County Fermanagh, came the night before Sinn Fein's conference in Dublin yesterday to ratify the Stormont agreement. The missile missed its target and no one was injured. Dublin debate, page 6 Leading article, page 14

## Government wants right to dump 60 oil platforms in North Sea

By Michael McCarthy  
Environment Correspondent

THE Government is seeking the option of dumping more than 60 oil platforms in the North Sea when they come to the end of their natural lives, despite the international protests provoked by the attempt to dump the giant oil storage buoy Brent Spar.

Its stance is likely to re-ignite the protests and provide Labour with one of its thorniest public-relations problems since taking office, especially as Michael Meacher, the environment minister, promised the Labour party conference last October: "There will be no more Brent Spars under Labour."

Greenpeace, which forced Shell, Brent Spar's operators, into a dramatic U-turn in 1995 with its campaign of occupying the installation and organising Europe-wide petrol boycotts, said

yesterday the Government's move was "totally unacceptable."

Simon Reddy, the group's decommissioning campaigner, said: "This policy means there will be over 60 potential Brent Spars under Labour. So much for their promises. This is folly, and if the Government does this it will be dramatically at odds with international public opinion."

The vast majority of European countries want a permanent ban on dumping any disused oil installations in the sea.

However, in compliance with the wishes of the British oil industry, the Government is striving to keep a major loophole in the treaty to be signed in July which will prohibit dumping and insist that platforms be dismantled and brought ashore.

It wants a get-out clause for the biggest steel platforms, those in more than 75 metres of water and weighing

more than 4,000 tonnes. The oil industry argues that dismantling some of these giant installations may be too technically difficult, too dangerous, and - not least - too expensive, and, in some cases, a better option would be to tipple them over where they stand, on to the sea bed.

"We need to look at large deep-water installations on a case-by-case basis, so that the solution takes account of safety and also of cost and economic impact," said James May, Director-General of the UK Offshore Operators Association (UKOOA), the body that represents Britain's North Sea oil companies. Bringing a large platform ashore and dismantling it could cost "tens of millions of pounds," Mr May said.

There are 64 such installations in United Kingdom waters, most of which will come to the end of their natural lives between 2010 and 2020.

The Government is actively pressing for the loophole and officials will try and secure it at a three-day preliminary meeting, beginning in London tomorrow, of the OSPAR convention for the protection of the marine environment of the north-east Atlantic.

Britain is supported in its stance by Norway, whose companies own most of the other large steel platforms in the North Sea. However, it is being opposed by the other thirteen parties to the convention, which include Germany, France and most of the countries of western Europe. They argue that what has been installed must be capable of being dismantled and that the techniques are, or soon will be, available.

Brent Spar was the first large North Sea oil installation up for disposal. Shell are proposing turning it into a ferry terminal in a Norwegian fjord.



Problem sites: The Brent Spar oil storage rig

## Skoda offers to revolutionise the Rolls-Royce image

By Michael Harrison

SKODA Cars, once the butt of every motoring joke, is offering to give Rolls-Royce tips on how to brush up its image and improve its production techniques. The offer has come from the

UK chief of Skoda, which will be part of the same stable of marques as Rolls-Royce if Volkswagen's £430m bid for the luxury car maker goes through. VW took control of Skoda in 1991.

Dermot Kelly, director of Skoda UK, said: "We were once known as the brand from hell but we have succeeded in changing... and can teach Rolls Royce something. The weakness with Rolls is its brand. It has a very powerful name but it has failed to develop it properly."

He said that whereas other luxury goods groups such as Dior, Chanel and Moët Hennessey Louis Vuitton had succeeded in developing their brand, Rolls had not. Mr Kelly said that ultimately there was no reason why it could not be extended to other precision-engineered products such as luxury fountain pens. "That is what brand management is about. Developing the brand without diluting it."

Mr Kelly also said Rolls could learn from the revolutionary production techniques Skoda is pioneering in its new state-of-the-art factory north of Prague in the Czech republic. Mr Kelly said the company had come a long way since the rear-engine Skoda Estelle was branded "the worst car in Britain" by *What Car* magazine a decade ago.

This year Skoda plans to sell 25,000 cars in the UK - almost double its sales total in 1996. A new version of the Skoda

Octavia is being launched in the UK next month priced at £11,500 - some £3,500 less than the Ford Mondeo and Vauxhall Astra with which it will compete. Mr Kelly said he did not have a favourite Skoda joke. He "swerved around" jokes like: "What do you call an open-top Skoda?"

A "A skip." But he admitted that the company did keep a scrapbook of the more memorable ones to remind itself of the bad old days.

### Today's news

#### Virgin flotation

RICHARD BRANSON is planning to float parts of his Virgin empire on the stock market. Page 18

#### Bugging fever

MORE people are using bugging devices to catch employees and colleagues who make derogatory remarks. Page 5

#### Passport forgery

THE maroon British passport is to be scrapped because it is too easy to forge. Page 2

**STOP** making  
**OBSCENE**  
phone **CALLS**

THINK st



Destination	BT	FT	Savings
AUSTRALIA	45p	20p	55%
FRANCE	28p	15p	47%
JAPAN	67p	23p	66%
REP. IRELAND	23p	10p	48%
USA	24p	12p	50%

All comparisons against BT standard home rates for 1 minute call including VAT.

BT now charge up to three times more than First Telecom for international calls.

If you don't want to pay those prices, just add First Telecom's service to your existing BT phone by calling the number below. You can open an account any time, any day and start saving on calls to over 200 countries. So, before you make another international call, think First.

**FIRST TELECOM**  
0800 458 0004

Lines open 24 hours www.first-telecom.com







## Harman in 'Full Monty' bid to lure women into work

By David Walker  
Social Policy Editor

HARRIET HARMAN, Secretary of State for Social Security and minister for women, tried to recruit *Full Monty* director Peter Cattaneo to make a series of hard-hitting television advertisements in which real women sound off about their lack of resources, and the failure of former husbands and lovers to maintain their children.

It is understood the tight timetable for making the advertisements, due to be shown on national television from 1 June, ruled out Mr Cattaneo, the hero of whose award-winning film turns to stripping in order to pay his share of his son's maintenance.

The advertisements – likely to cause controversy due to their "realistic" tone reflecting the genuine anger of many women about men – are now being produced by advertising agents Bates Dorland.

They form part of a £2m campaign which aims to persuade lone mothers to take up the counselling and training opportunities in the Government's "new deal" for lone parents. The new deal was launched in eight pilot areas in July 1997 and has been available to all lone parents making new income support claims from the beginning of April. The programme will be available to all lone parents on income support from October.

In one advertisement, a woman bemoans her fate after being left stranded with children. A voiceover tells how her life became easier thanks to the government initiative.

Fathers' rights groups may take issue with the advertisements, which contain implicit criticism of the Government's own Child Support Agency, which is supposed to be ensuring that absent fathers make a proper contribution to their children's upbringing.

The advertisements, on radio as well as television, will be followed up next month by a letter addressed to 500,000 lone mothers with children aged five and older detailing the ways in which they would be better off in work. Ms Harman – co-sponsor of how official documents put people off – has insisted that the mailshot is "woman-friendly".

Entitled "Working Benefits", the Department of Social Security campaign is intended to persuade the unemployed that there is now a great array of "in work" benefits and support for childcare. Research has shown that getting a job is a key to escaping hardship but also that people are deeply ignorant about benefits, especially Family Credit which is paid as supplementary income to those in low-paid jobs.

The Government recently announced that recipients of Family Credit could spend more on childcare without seeing their benefit reduced; next year a tax credit for all parents with young child is introduced. A National Childcare Strategy will be introduced by the Department for Education and Employment in a fortnight.

Work done for the Department of Social Security by market researchers Cronk Dromgoole found that many people – especially lone mothers – have no idea about the array of root and childcare benefits at present available, let alone those now being introduced.

This finding convinced Ms Harman that "realistic woman-to-woman" advertising would work best though the department has found it politically expedient to tune down some of the scripts.

ing that absent fathers make a proper contribution to their children's upbringing.

The advertisements, on radio as well as television, will be followed up next month by a letter addressed to 500,000 lone mothers with children aged five and older detailing the ways in which they would be better off in work. Ms Harman – co-sponsor of how official documents put people off – has insisted that the mailshot is "woman-friendly".

Entitled "Working Benefits", the Department of Social Security campaign is intended to persuade the unemployed that there is now a great array of "in work" benefits and support for childcare. Research has shown that getting a job is a key to escaping hardship but also that people are deeply ignorant about benefits, especially Family Credit which is paid as supplementary income to those in low-paid jobs.

The Government recently announced that recipients of Family Credit could spend more on childcare without seeing their benefit reduced; next year a tax credit for all parents with young child is introduced. A National Childcare Strategy will be introduced by the Department for Education and Employment in a fortnight.

Work done for the Department of Social Security by market researchers Cronk Dromgoole found that many people – especially lone mothers – have no idea about the array of root and childcare benefits at present available, let alone those now being introduced.

This finding convinced Ms Harman that "realistic woman-to-woman" advertising would work best though the department has found it politically expedient to tune down some of the scripts.



Biblical emotions: Israel's Eurovision song contest winner Dana International in Jerusalem yesterday celebrating her victory which has put transsexuals back in the headlines, previously occupied by (right, from top) the model and actress Tula, the Sixties model April Ashley, and the writer and journalist Jan Morris. Main photograph: Ben Head/MAM?

## Trans-sexual's Eurovision win has divine appeal

By Patrick Cockburn  
in Jerusalem  
and Clare Garner

THE triumph of Dana International, transsexual Israeli singer, at the Eurovision Song Contest, sparked emotions of biblical proportions yesterday. The young and open-minded celebrated a new diva, while the singer herself claimed divine inspiration. Back home, disgusted ultra-Orthodox Jews expressed the opposite view.

Rabbi Shlomo Ben-Zur, a leading member of Israel's Shas Party, labelled Ms International "a gimmick", saying that the fielding of a transsexual star was "a sign of the bankruptcy of Israeli song". And he added: "God is against this phenomenon. It's a sickness you must cure and not give legitimacy."

The statuesque brunette,

Yaron Cohen before a sex-change operation five years ago, begged to differ.

She said her victory proved that "God is with me", and it went to show that "the whole world is open-minded and liberated – we are all equal".

Dana International's win in Birmingham on Saturday night represents a double victory: one for Israel – it is the first time in more than 20 years that the country has won the contest – and another for transsexuals: she is the first transsexual to take the bluish crown in the competition's 43 years.

Rabbi Jonathan Romain, of the Reform Synagogues of Great Britain, was quick to defend her. "Dana International's sexuality is totally irrelevant to her ability to sing well or perform on behalf of her country, just as anybody else's sexuality should have no bearing on

their professional life unless it interferes with their work," he said.

The singer wore a sparkling dress designed by Jean Paul Gaultier to deliver her performance of "Diva". ("Viva to the diva, Viva Victoria, Cleopatra, Ha-a-a-a"), already a hit in Israel. At a press conference afterwards, she said: "I want to send a message to the Jewish community and say to them: 'Try to accept me, my kind of life and the choice I have made. What I am does not mean I do not believe in God or that I am not really part of the Jewish people.'"

She added optimistically: "It proves that it does not matter what you are – if you work hard and put in the best performance you can, you will be successful."

The 26-year-old singer believes that for many she represents "freedom, democracy

and the right to live how individuals want to live". Israel, she feels, has come a long way in the five years since her sex change – an operation in London which was "just like buying clothes".

Attitudes towards transsexuals in Britain are slow to change. Last year, it emerged that Dr Rachel Padman, a fellow at Newham College, the last all-women's college at Cambridge University, had had a sex change 15 years earlier. Leading fellows were up in arms, including the feminist author Germaine Greer, who was said to have considered resigning over the issue.

Legally speaking, transsexuals can change their physical appearance but not their sex, as determined by their chromosomes and set down in their birth certificate. A transsexual

therefore cannot marry a person of their birth sex, as Caroline Cossey, who had a sex change at 20 and went on to become the top model Tula, found out to her cost.

She lost a six-year fight to change her birth certificate from male to female in the European Court of Human Rights in Strasbourg. Eventually, in 1992, she married in Montreal, where it is legal for a transsexual to marry.

April Ashley, 62, is one of Britain's most famous transsexuals. She was a successful model in the Sixties before anyone knew her secret, married into the peerage and was accepted as a beautiful and entertaining woman.

But when her secret came out and her marriage ended, she found herself battling against prejudice. She moved

to San Diego, California, where she has lived ever since, co-edited "to being a freak who lives in exile".

The author Jan Morris, who documented her sex change in her book, *Comdram*, published in 1974, has perhaps done more than anyone to win the public round. Formerly James Morris, the hugely respected author of such standard works as *Venice* and *Raz Britannica*, he/she suffered years of torment culminating in a surgeon's clinic in Casablanca.

Her sensitively written account of the gradual process of becoming a woman did much to raise the issue of sex changes from ill-informed conjecture and smutty asides to serious debate. She now lives in Wales with her former wife, Elizabeth, a woman she says she would "trust to the grave".

Leading article, page 14

## Airlines turn up heat on drunk passengers

By Mark Childs

IN A move which could prove equally alarming to over-stressed businessmen and members of hard-drinking rock bands, the government announced yesterday that drunken airline passengers could end up spending two years in jail.

The stringent new penalties, announced by the Civil Aviation Authority yesterday, include fines of up to £5,000 as well as a jail sentence. They are designed to reduce drink-fuelled violence on planes after a four-fold rise in the number of disruptive passengers who have been taken off aircraft in the last five years.

Anyone planning to fly will be handed a CAA leaflet by their

travel agent, warning them of the new penalties if they attempt to board flights when drunk, or become unruly while on board aircraft. The leaflet, *Travelling Safely*, will warn passengers they are likely to be refused permission to board an aircraft if they arrive at the airport drunk, and that they could have to pay for a new ticket home once they have sobered up.

A spokesman for the CAA said: "There is no doubt there is a problem with mid-air drunkenness and it presents unacceptable dangers to the crew and passengers. We hope that by pointing out to passengers the way they can avoid trouble – and the consequences if they don't – we can reduce the number of unpleasant incidents."

Although the rock band Oasis added to their notoriety through in-flight misbehaviour, an equally widely publicised incident of bad conduct in the skies occurred only last week. A drunken 33-year-old businessman from Nottingham went on a rampage on a BA jumbo jet flying from London to Florida. He threatened to kill the pilot and beat up a passenger, as well as indecently assaulting a stewardess.

Many of the alcohol-related problems witnessed by airlines are caused by the heavy combination of complimentary drinks, nervousness and the fact that pressurised cabins mean that drink can be up to three times more intoxicating than on the ground.



Liam Gallagher: The Oasis singer gained added notoriety with his recent rock-star airborne misbehaviour

## Call for dental tests to fix date of Bormann's death

CONSPIRACY theorists who believe that Martin Bormann may have survived the Second World War have written to the top Nazi's family, pleading with them not to destroy his remains, it emerged yesterday.

They fear that the surviving children of Hitler's right-hand man may have already cremated Bormann's skull, after the results of DNA tests which last week proved it was his.

They accept that the skull, which was found on a Berlin building site in 1972, is Bormann's. But they insist that further tests must be done on the teeth and on the earth the skull was encased in to establish when and where he died.

Author Milton Shulman, a wartime member of Canadian intelligence, said that an earlier dental examination suggest-

ed the skull had had eight fillings added after 1945, implying that Bormann had survived the war.

Despite being found in the yellow, sandy soil typical of Berlin, the skull was covered with thick red clay comparable to that of the Ita region of Paraguay, where he is rumoured to have died in 1959, he added.

Solicitors representing Mr Shulman, military historian Duff Hart-Davis and television producer Bridget Winter wrote to the Bormann family lawyer, Florian Besold, last Friday, requesting that the skull be subjected to independent dental checks, Mr Shulman said.

He said: "We are asking the family not to destroy the skull hurriedly, but I suspect that they have already cremated it. There is serious concern about the

skull, and on any reasonable basis the family should not destroy it. They have gone to the trouble of DNA tests, so why not have an independent dentist's report, too?"

"There is an argument that it is in the family's interest for him to have died in 1945, because legally he did not become a war criminal until the decision of the Nuremberg tribunal in 1946. He was fantastically wealthy, and if he died after being condemned as a war criminal, then any of his assets which survive could be confiscated."

The remains found in 1972 are understood to be in the possession of the Bormanns, and Mr Shulman said there was now nothing to prevent them being cremated and the ashes scattered at sea, as the family wished.

## MS sufferers denied costly 'wonder drug'

By Diana Blamires

A NEW "wonder drug" for multiple sclerosis has been launched in Britain amid renewed controversy over health-service rationing.

The drug, interferon beta-1a, is the latest in a new generation of treatments for patients who suffer chronic relapses of multiple sclerosis (MS).

Like other drugs of this type it is expensive – costing about £9,500 a year per patient. MS experts have said that they feared many of the 8-10,000 patients who could benefit from the drug will be denied it because of the cost. Only about one-tenth of that number are said to be now receiving one of the two other drugs available.

With two more drugs soon expected to make an appearance, pressure on hospitals and health authorities to provide treatment for this disabling disease is likely to increase.

About 100,000 people in Britain suffer from MS, a disease of the central nervous system which causes numbness, pins and needles, tremors and paralysis. There is no cure, but a particular form of MS characterised by interspersed remissions and relapses and affecting up to 10,000 people is treatable.

In trials the drug, self-administered by under-the-skin injection, has been shown to cut the number of relapses suffered by patients by one-third, to reduce the severity of re-

lapses, and to prolong the periods of remission.

Richard Hughes, professor of neurology at Guy's Hospital in south London, and one of the leading scientists involved in the trials, believes the drug's effectiveness strengthens the case for more spending on MS treatment.

He said: "For the first time we are seeing a breakthrough in the treatment of MS. The trials show conclusive evidence of benefit. I think it should persuade the health authorities to make the drug available for patients with this type of MS."

Peter Carey, chief executive of the Multiple Sclerosis Society, said: "People with MS are still

facing a postcode lottery on new treatments. The situation is unfair and unacceptable.

fund them at all. The situation is unfair and unacceptable."

John Simpkins, chief executive of another MS charity, the Multiple Sclerosis Resource Centre, said: "MS has never had such a range of treatments available as it has now, but people aren't getting them."

"We fear that this latest one, which has had very good test results, is going to suffer the same fate as the other two. Only a tiny fraction of those who can benefit will get the treatment in some areas and others won't get it at all."

He said a wider view should be taken of the cost-effectiveness of such drugs, taking account of what people disabled by the disease cost social services and the fact that treatment

can help many sufferers continue to work.

"Two more drugs like this are coming along. How is a neurologist going to cope with the pressure from patients who have such a choice of things to ask for?" he said.

MS is a progressive disease, with symptoms ranging from numbness and tingling to paralysis and incontinence. The symptoms are caused by the destruction of patches of myelin – a protective covering which coats nerve fibres rather like plastic insulation around an electrical wire – in the sufferer's brain and spinal cord. The myelin is destroyed because the body's immune system turns on itself, perceiving the myelin as foreign and attacking it.

## Move to something bigger.

With our low cost mortgage rate.

- It's easy to transfer.
- Our mortgage rate is 8.2% APR variable.
- Call us now for more details.



0181 649 9099 0161 831 9099 0141 221 9099  
LONDON MANCHESTER GLASGOW

CALL ANYTIME 8am to 8pm Monday to Friday and 9am to 5pm Saturday.

Bank Holiday Monday opening hours 8am to 6pm.  
www.directline.co.uk Please quote ref. IND197

Subject to terms. Available in England, Scotland and Wales. Security required. Free cover up to £250,000. Subject to underwriting. Written quotations on request. YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED ON IT. Calls recorded and monitored. Direct Line and the red phone are trademarks of Direct Line Insurance plc, used with its permission.







# Lifting the lid on the shady world of office politics

By Benjamin Todd

WHEN Aliso Halford - a former assistant chief constable with Merseyside police - won a European court case over her telephone being tapped at work she shed light on a murky world of office espionage. Ms Halford's £10,000 award for breach of privacy revealed a growing trend of work colleagues bugging each other and even their bosses.

Staff are increasingly using bugging devices to catch out employees making prejudicial and derogatory remarks and co-workers who bad mouth them in private, according to surveillance experts. Firms employed to carry out office electronic sweeps for covert listening equipment are finding a growing number of bugs planted by members of staff.

Traditionally the devices have been used to flush out industrial espionage or internal fraud, but office workers appear to be increasingly willing to use covert surveillance to spy on each other.

The specialist company, Communications and Surveillance Systems, carries out office "sweeps" for hidden bugs about once a week.

Last month, CSS - a London based firm - found a bug on a

telephone during an eight-hour sweep of an office. The company feared its secrets had either been lost to competitors or that someone from inside the office was defrauding it.

To find out who had planted the bug, a hidden video camera was pointed at the telephone. "Eventually, another member of staff appeared and removed the device from his colleague's phone," said William Parsons of CSS.

"Only afterwards, did we find out that he thought his colleague had been gossiping about him and wanted to know what was being said."

Bugs cost between £200 to £500 and can be hidden almost anywhere in the office - in the telephone, the computer or even in the fax. The devices are usually electronic transmitters that can be linked to a tape recorder or computer.

Paranoia is the most common explanation, but people are also using devices to glean information about pay rises and whether they're going to be promoted or fired.

Surveillance equipment is also being used by employees to catch their bosses out. "One woman was suffering racial and sexual abuse from her employers," explained Peter Hewitt of the Counter Spy Shop in London. "So she put hidden tape recorders and bugs around her desk." She was able to gather enough evidence to take her employers to an industrial tribunal, but they agreed to pay her in an out-of-court settlement.

In another case, a man with a drugs problem, placed a bug in his boss' office in an attempt to make money through insider dealing to fund his habit.

Dr Jeni Parsons (above) decided to make her protest at the G8 Summit by paddling her coracle - for 27 miles along a canal built 200 years ago.

Her journey starts in her Worcester parish with a Communion service on the canal bank and a blessing from the Bishop of Worcester, the Right Rev Peter Selby. It will end on Saturday in Birmingham behind the International Convention Centre where the Summit is taking place.

In between, Dr Parsons will have been paddling the circular ancient-british fishing vessel - made from cowhide and hazel - at a sedate one mile per hour through 50 canal locks. For

safety reasons, she is being given a tow through a three mile-long tunnel.

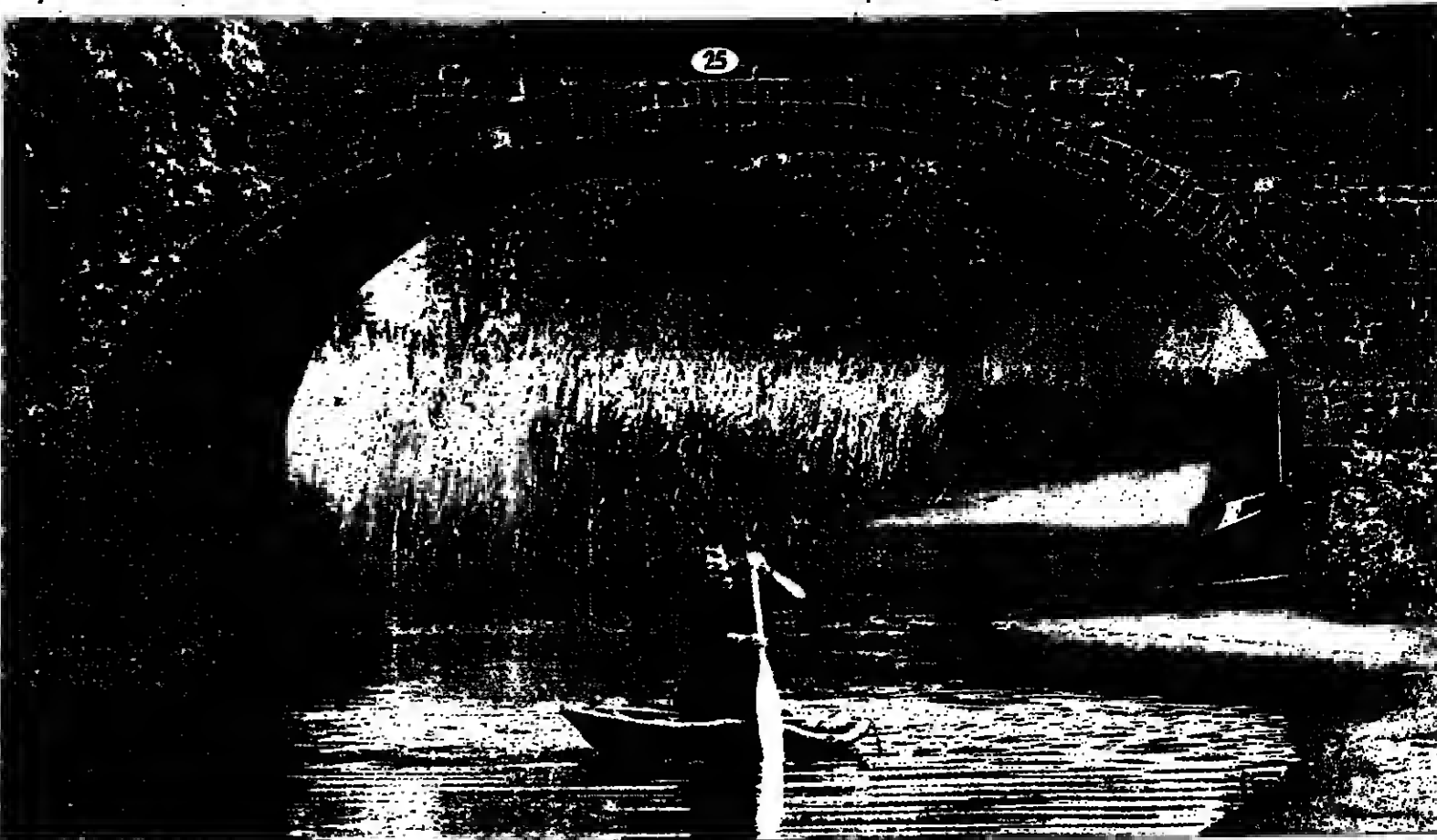
"It is not easy paddling a coracle and this seemed like a good way of drawing attention to the plight of people enslaved by international debt," said Dr Parsons.

"Also, the canal is the most direct route between my parish and the ICC. Many countries will never get out of debt by themselves because they are facing an impossible burden. They

can hardly even service their loans let alone repay them."

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

By coracle, in search of a miracle: the vicar who's paddling her protest to the G8



A VICAR sets out on an historic - and historical - voyage today to confront Bill Clinton, Tony Blair and other world leaders with evidence that Western economic policies are causing grinding Third World poverty, writes Christopher Mowbray.

Dr Jeni Parsons (above) decided to make her protest at the G8 Summit by paddling her coracle - for 27 miles along a canal built 200 years ago.

Her journey starts in her Worcester

parish with a Communion service on the canal bank and a blessing from the Bishop of Worcester, the Right Rev Peter Selby. It will end on Saturday in Birmingham behind the International Convention Centre where the Summit is taking place.

In between, Dr Parsons will have been paddling the circular ancient-british fishing vessel - made from cowhide and hazel - at a sedate one mile per hour through 50 canal locks. For

safety reasons, she is being given a tow through a three mile-long tunnel.

"It is not easy paddling a coracle and this seemed like a good way of drawing attention to the plight of people enslaved by international debt," said Dr Parsons.

"Also, the canal is the most direct route between my parish and the ICC. Many countries will never get out of debt by themselves because they are facing an impossible burden. They

can hardly even service their loans let alone repay them."

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

can hardly even service their loans let alone repay them."

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

During her journey, she is being given free board and lodging by local church groups in return for talking about coracle which she first took up two years ago after reading about a craftsman who makes the vessels. On arrival, she will join a 35,000 strong human chain round the ICC being organised by the Jubilee 2000 Coalition. Shaming of the G8, page 10

## UNDERCOVER COSTS



Top secret: A UHF pen (£650), calculator (£595), and high UHF watch, a snip at £1,200 Photograph: Emma Boon

**UHF Telephone (£475):** Fits into phone or socket. Size: 20 by 30 by 8mm. Range: 1,000 metres

**400 UHF Room (£450):** Sensitive and easy to hide. Size: 27 by 65 by 23mm. Range: 1,000 metres

**UHF Credit Card (£650):** Hidden behind a credit card calculator. Size: 85 by 55 by 3mm. Range: 1,000 metres

**Splitter UHF (£495):** Built into a phone socket splitter for crystal clear listening. Range: 700 metres

**UHF Adaptor (£650):** Hidden in a standard working 13 Amp adaptor. Powered from the mains. Range: 700 metres

**Slimax Lighter Camera (£395):** A camera housed in a pocket lighter.

## Diana trustees to discuss time-scale of fund

THE 10 trustees of the Diana, Princess of Wales Memorial Fund are to hold a special strategy meeting which will consider how long the charity will last, it emerged yesterday.

The "away day", to be held at a secret location this month, will concentrate on policy issues relating to the fund.

Trustees were at pains to insist yesterday that the arrangement was made long before

Earl Spencer expressed concerns about the fund's operation at the end of last month. Nevertheless, the trustees have been under considerable pressure over some of the proposals for fundraising using the princess' name and particularly since the earl indicated that he did not feel the trust should continue indefinitely.

One trustee, Vivienne Parry, said: "We always said that we

wanted to have some time when we could go off and talk about various things. We have regular meetings, but we have had so much business to deal with that we have not had a chance to discuss long-term issues. We could not arrange a date until we had appointed a chief executive and when we had done that we sorted out this meeting."

Dr Andrew Purkis, an advisor to the Archbishop of Can-

terbury, was appointed the fund's chief executive last month.

Ms Parry said that the trustees would be discussing how long the fund should last, what they thought about commercial deals, and other policy issues. The fund's regular board meeting would take place as planned today, she added.

Earl Spencer has made no secret of his unhappiness at some of the fund-raising activ-

ities that the trustees have approved, such as promoting lottery scratchcards and allowing Diana's signature to be used on tins of margarine.

Paul Burrell, the princess' former butler, is the fund's fund-raising manager. Lady Sarah McCorquodale, Diana's sister, is the fund's president and the princess' former financial advisor, Michael Gibbons, is treasurer.

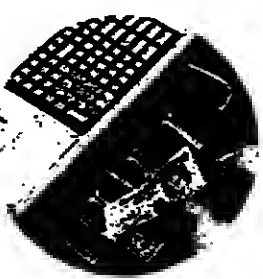
Start-up businesses with a projected turnover of up to £1 million will benefit from 2 years' free banking, providing the proprietor or at least one of the partners or directors personally bank with Midland. Otherwise the business will benefit from 1 year's free banking. Free banking means no standard transaction charges will be made. Midland Bank plc reserves the right not to open an account.

## Running your own business: Could you catch problems early?

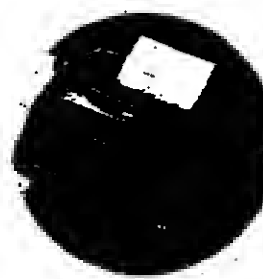
HERE ARE NINE MISTAKES THAT A LOT OF NEW BUSINESSES MAKE.



Poor choice of location.

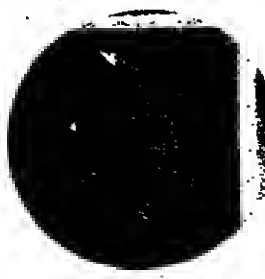


Taking cash out of the business too early.

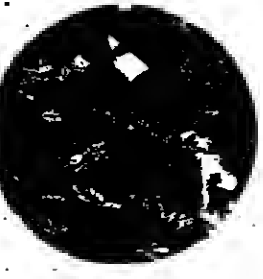


Not moving with the times.

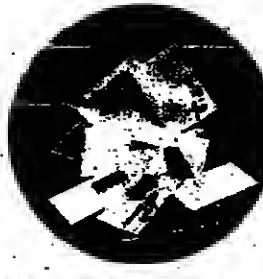
CONSIDER THEM YOUR ENEMIES.



Underpricing.



Over-optimism.



Not pursuing money owed early enough.

WOULD YOU BE ABLE TO SPOT THEM AND ACT ON THEM?



Health problems of the owner.



Lack of research.



Partnership problems.

THIS INFORMATION IS BASED ON KNOWLEDGE WE HAVE ACCUMULATED ON THE REASONS WHY BUSINESSES PROSPER OR FAIL

Learning to spot problems and nip them in the bud is important. Midland's Business Start-Up Pack can help you avoid many common problems. For instance a video that shows you how five successful businesses got started.

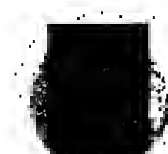
**Midland Bank**

Member HSBC Group

www.midlandbank.com



CD Rom & Video



Booklet



Case Studies



Specialist Business Bankers in Branch



Expertise in Europe



2 years free banking

Fill in your details and return the coupon to: Midland Bank plc, FREEPOST NWW 1502, Manchester M45 9AZ.

Name  Surname

Home  Street

Town  County  Postcode

On ☐ Yes ☐ No (please tick). If so please fill in your sort code

May we contact you about our products and services in future? ☐ Yes ☐ No (please tick).

For your free Start-Up Pack phone 0345 40 41 visit your local branch or cut the coupon.



Outrage: John Browne (79), Ulster's oldest knee-capping victim, who was shot through the knees and ankles last week by the IRA. The terrorists were looking for a child abuser and had gone to the wrong flat. Photograph: Crispin Rodwell

## Paramilitaries step up punishment attacks

Shooting of 79-year-old will not be the last, reports Kim Sengupta in Belfast

IT WAS John Browne's age, 79, that made his knee-capping by the IRA so shocking even in Northern Ireland, where people have become used to punishment shootings and beatings by the paramilitaries. He was the oldest person in the Province to receive this form of rough justice, but certainly not the last.

The main terrorist groups may have held the ceasefire in the war against the state and each other, but they have not laid down their arms when it comes to meting out punishment. Last week, two men were shot on the same night, one by loyalists, the other by republicans. Just days before, a man was left critically ill in hospital after the loyalists blasted him in the legs with a shotgun.

So far this year, there have been 34 such shootings. The Royal Ulster Constabulary say 21 were by republicans and

the rest by loyalists. There have also been 41 beatings, 25 by loyalists and 16 by republicans. These assaults, often made with baseball bats or crowbars, can leave victims crippled with compound fractures, and can, on occasions, be more difficult for doctors to repair than "clean" single shot wounds.

The signing of the Good Friday agreement did not lead to a cessation of these attacks - 11 shootings have taken place since then. Previous ceasefires had also led to escalation of such actions - the 1994 one was followed by a fivefold increase in five years.

The paramilitaries say that they are carrying out retribution on behalf of aggrieved members

of the community who prefer to go to them rather than the police to seek justice. The form of the punishment is decided by a local commander, and can be carried out by specialist squads known as "bone-crunchers". It may range from an expulsion order to execution. In between, there are beatings, shootings of knees and ankles and the "50-50" in which the target is shot in the base of the spine to paralyse.

Drug dealers risk shootings because the paramilitaries prefer to control the trafficking themselves, and because they do not want their pool of recruits, the working-class youths, contaminated. The vigilante group Direct Action Against Drugs is seen by the police as nothing more than an IRA front.

There are also attacks for a variety of other offences, from joy riding to sexual abuse. Mr Browne, for example, was shot in the mistaken belief that he was a child molester. His attackers had gone to the wrong flat.

The Royal Victoria Hospital in Belfast deals with the bulk of the punishment attacks in the city and Dr Brian McNicholl is an acknowledged expert in repairing the damage. He said: "A handgun injury is like a large drill going through. It damages things in the track of the bullet as it goes through. A shotgun has a lot more power behind it, and it can also spread out widely so that you get a much wider crack of damage. It's almost like having a truck run over the leg."

Mr Browne has undergone

two operations to remove bullets and faces five more weeks in hospital. He recalls being confronted by masked men the night he was injured. "I started to call the Holy Name. I started to call for the fellow next door. Every time I called, I was hit in the face or head. I put it down that they were searching for money. I didn't know I was going to be shot. They left me to die. I was sure I was going to die. I had a terrible time breathing. Had it been for another 10 or 20 minutes, I would not have been here."

Robert, a 22-year-old thief who was shot by republican paramilitaries two years ago, considers himself lucky. He said: "They shot me through the knee with a pistol. I can walk, although I don't think I'll be able to do much running any longer. The worst thing was the fear, when they came and got me I didn't know whether I was going to be a goner or just get a beating. I actually wet myself."

A group of community workers in the Shankill area have come up with a plan to stop the punishment attacks. The paramilitaries have shown a guarded interest. Tom Winston, one of the organisers, said: "The community wants justice and to a certain extent, instant justice, and there is a feeling the police can't give them that."

"If they come to our door we'll come up with a programme that takes punishment shootings out of the equation. The programme will consist of a pay-back to the community, clearing gardens for pensioners, or cleaning graffiti from the walls, rather than someone being taken up an alley and being shot or beaten."

## Adams urges unity over Assembly

By Alan Murdoch in Dublin

SINN FEIN closed its soul-searching over the Good Friday Agreement last night when its special *ard fheis* (conference) voted overwhelmingly in favour of entering a Northern Ireland Assembly.

Sinn Fein president Gerry Adams welcomed the result, saying the party would "go into the next phase of our struggle armed only with whatever mandate we receive, armed only with our political ideas."

Outside the hall, headline republican dissidents were pasting up posters proclaiming "Adams and McGuinness - Wanted for treachery," denouncing the party's latest compromise. But within the confines of the Royal Dublin Society's conference halls, the only fundamentalists visible were those attending the Religious Congress of the Holy Spirit next door.

Mr Adams earlier succeeded in urging those with reservations about a Northern Ireland Assembly and changes to the Irish Constitution's claim over the north to give the leadership support and maintain unity, while retaining their right to vote No on May 22. "We have advanced our struggle here today. What you do in the polling booth is your own business," he said.

Executive member Martin McGuinness delivered a pointed address saying Unionists faced bigger problems than Sinn Fein, "because Unionism as a dominant force in Northern Ireland is finished."

He added: "There is an Unionist veto in the Sinn Fein Constitution and that is what we adhere to." The party's voters wanted it in the Assembly "moving forward to a new future where there is justice and human rights in push their agenda for them," he said.

Key Sinn Fein strategists argued that no core principles would be surrendered.

Publicity Director Rita O'Hehir said: "The strategy is the constant. But new tactics have always to be brought into play. A United Ireland is not an item on a wish-list. It is a real and achievable goal."

The executive was clearly appealing to the hearts as well as the minds of delegates, charging them up with a series of emotional welcomes for freed prisoners and others on temporary release for the weekend conference held at the Royal Dublin Society. The hall erupted in thunderous applause as the four members of the Balcombe Street Gang, returned to Ireland last week to complete their sentences, arrived in the hall. Other prisoners included the officer-in-command of IRA inmates in the Maze, Padraig Wilson, and women prisoners from Maghaberry Prison near Derry.

Wilson said unity and cohesion were the paramount considerations. Former gun-runner and Northern Ireland

A LONG-TERM cash investment of more than £100m in the future of Northern Ireland will be announced by the Chancellor, Gordon Brown, and the Secretary of State for Northern Ireland, Mo Mowlam, when Mr Brown visits Belfast tomorrow, writes Anthony Davies.

Mr Brown said on BBC1's *On the Record* yesterday that they were seeking to "build prosperity through peace and build peace through prosperity."

talks negotiator Martin Ferris urged participation in the Northern Ireland Assembly. "We have to seize the initiative and exploit the potential of this document." (The Good Friday agreement).

Veteran Derry Republican Martin Meehan said that the proposed changes in the Irish constitution should not predominate in longer term calculations. "Articles 2 and 3 (of the Irish Constitution) didn't mean anything to us in Bombay Street when we were getting burned out in 1969."

But Cork Delegate Don O'Leary said the issue confronting delegates was "a simple matter of democracy. It is saying a minority who have a majority in two of the 32 counties have a veto on what happens on this Ireland."

"To say no is not a step backwards. We can go back and renegotiate, but we should stay united."

Starting up a small business?

# NatWest

It's not just business customers who say we understand the needs of small business.

No wonder NatWest is the most popular bank for small businesses. Just take a look at the great package we offer.

Free Business Start-Up Guide and Planner disk to help you set up on your own.

Free Banking for up to 18 months.\*

And if you open a Small Business Account before May 30th 1998, there's even more.

Free 'Year 2000 Computer Problem' guide.

BANK THAT UNDERSTANDS THE NEEDS OF SMALL BUSINESS.

NATWEST	23%
BARCLAYS	16%
MIDLAND	14%
LLOYDS	13%

Source: Taylor Nelson AGB Business Line - October 1997

Free 'TeleEfficiency Service' which can save you up to 30% on your business phone calls.

Free personal telephone number so that customers can contact you anywhere, anytime.

Plus Start-Up Loans of up to £25,000, with interest rates from only 4.9% APR.

So, if you want to get off to the best possible start, talk to the Small Business Adviser in your high street branch or call 0800 777 888 today.

**NatWest**  
More than just a bank

National Westminster Bank Plc, 41 Lombury, London EC2P 2BP. Registered Number 929027 England. 12 months free banking is available to start-ups whether you are in credit or go overdraw if you do not pay more than £1,000,000 out of your account per annum. 18 months free banking is available if you also complete and supply a certificate from a start-up training course provided by a suitably accredited training provider recognised by NatWest. 'Free banking' only includes charges for paying money into and out of your account and for running it - it does not include, for example, overdraft interest or related charges. For full details including terms and conditions of the TeleEfficiency Service and Culture Mobile Service, please refer to a NatWest Small Business Adviser. Actual interest rates on the finance will depend on your individual circumstances. THIS IS NOT AN OFFER TO LEND. Loans are subject to status and conditions. Security may be required. Calls to NatWest may be monitored/recorded to maintain and improve our service. Ref. No. 97204



# No dignity in death for trekker who tripped too far



STEPHEN GOODWIN  
Everest Diary  
Base Camp

**G**RISLY going-on at Gorak Shep, the huddle of dingy lodges that passes as the last outpost of civilisation before Base Camp.

For all its mean appearance, three low lodges just above the sandy pan of a dried-up glacial lake, Gorak Shep is the goal of thousands of trekkers who take the Everest trail. Above it rises Kala Pattar, a hill with all the aesthetic mountain beauty of a slag heap but one which affords fine views of Everest and its neighbour Nuptse and Changtse.

But too often Gorak Shep, if not Kala Pattar, proves a stage too far for poorly acclimatised trekkers and there are deaths. It has just been "Golden Week" in Japan when



various public holidays are rolled together to give a spring holiday. We saw several crocodiles of Japanese trekkers down the valley and the likelihood is if the trip was being squeezed into an extended week or fortnight, they would not have time to acclimatise properly.

The circumstances of the death of the Japanese trekker in Gorak Shep have taken some unravelling. Gossip around Base Camp, where teams are idling away day after

day waiting for better weather, produced several different versions of the story.

The most reliable version is that he was 53, had a heart pacemaker, and died in his sleep in a lodge bed. His two distraught companions burnt incense according to their Buddhist custom and tried to arrange to have his body helicoptered out. Unsuccessful in this, they were then confronted with a delicate problem. How to get a body

stiff with rigor mortis out of the Khumbu and home to Japan?

There are no roads here. It is a good two days' walk on a rough track to Namche, where there is an airstrip, and another two days to the roadhead at Jiri takes a week. And the only means of transport is porter or yak.

Porters carry everything and anything in a tapering wicker basket, supported by a string thong

across the forehead. But how to get the body in the basket? The bereaved trekkers realised they were going to somehow have to fold their dead companion in two but quailed at the brutal task. Apparently their dilemma was solved by an unsqueamish Canadian who, so the story goes, broke the corpse's spine.

This is not an easy scenario to imagine. It cannot be a simple business to snap a spine. But one way or another the deed was cer-

tainly done and the body folded up. I have spoken to an eyewitness here at Base Camp who saw the porter setting off from Gorak Shep - a pair of legs and a head protruding from the top of his basket.

We had hoped not to see Gorak Shep again until we walked out from Everest after our summit bid, successful or otherwise. But the weather is not doing us any favours and I, at least, will soon be thinking of taking another hike down the val-

Journey's end: Gorak Shep, goal for thousands of Himalayan trekkers. Photograph: Simon Lowe

ley just to pass the time and stop my muscles wasting away altogether.

With the jet stream more or less overhead, winds of up to 100mph are blasting the top of the mountain, creating impressive cloud plumes. There seems little prospect for improvement over the next five or six days and already one team has decided to go down the valley again to kill time in more comfortable surroundings.

Perhaps we have been presumptuous. A place on an Everest permit does not guarantee you a shot at the summit.

A year ago, in the pre-monsoon season, an Indonesian team summited on 30 April, but no one else got there until 23 May and a last group on 30 May.

Everest has remained inviolate since. In the post-monsoon climbing season (last autumn) had weather prevented anyone getting up the mountain - however many thousands of dollars they had paid for the trip.

## Problem pupils face tougher sanctions

By Ben Russell  
Education Correspondent

THE Government has launched a crackdown on problem pupils, promising to cut both expulsions and the time lost to truancy by a third in three years.

Tony Blair yesterday promised new powers for police and the courts to take action against truants and their parents, and backed a series of technological measures to make sure children attend class.

Mr Blair outlined his proposals in advance of today's publication of the first report by the Government's social exclusion unit, which is tackling problems in schools as the first stage of a wide-ranging review of social difficulties.

Both truancy and expulsions have increased sharply in recent years. Estimates suggest around nine million children play truant each year. Another 100,000 are suspended from school and

Many schools have already successfully adopted computerised registers, with some issuing children with swipe cards to log them into every lesson and keep track of those who turn up for registration but take the rest of the day off.

The social exclusion unit is also expected to back extra powers for police to take truants back to school if they're spotted. At present, police can intervene only if children commit an offence.

Ministers are expected to amend the Crime and Disorder Bill to hold parents responsible for truants in extreme cases. The bill already allows courts to impose sanctions, including lessons in parenting, on the parents of offenders.

But the report is expected to include incentives for schools such as "dowries" for schools that take on expelled children and action to make classes more relevant to disillusioned children.

The measures could include work-related study for some 14-year-olds, which may involve sending them into colleges or companies rather than schools.

Nigel de Gruchy, general secretary of the National Association of Schoolmasters Union of Women Teachers, warned that targets to reduce truancy could simply "dump the problem back into the classroom and make things worse for the other kids."

"It's all very well for the police to pick truants up, but what are we going to do with them back at school? This is really a social problem and we are a bit uneasy that schools are having social problems dumped on them."

Graham Lane, education chairman of the Local Government Association, warned Mr Blair's strategy would raise practical problems. He said: "Both exclusions and truancy are endemic problems which need to be tackled. But what you can't do is have national edicts which reduce exclusions and truancy. It has to be done by a lot of work on the ground and teachers have to be free to chase these things up."

Service in the Armed Forces would be one of the alternatives offered to young unemployed people on the New Deal welfare-to-work programme, Government sources said yesterday. But there was no question of a backdoor return to National Service.

Under the New Deal, under-25 youngsters out of work for more than six months are offered four options: a job, training, work on an environmental task force, or a job with training. While a job in the Armed Forces could be offered to suitable candidates, refusal would only lead to a loss of part of benefit if all other options were spurned, too.



**'It's all very well police picking up truants, but what are we going to do with them back at school?'**

Nigel de Gruchy

13,000 are expelled.

Writing in a Sunday newspaper, Mr Blair said truancy for many "is the first step down the pathway into poverty, crime and despair".

The 21 recommendations in today's report are expected to adopt a carrot and stick approach to encourage youngsters to attend school, while imposing sanctions on persistent offenders and their parents.

Mr Blair's targets, however, will be tough to deliver. Expulsions have been rising for a decade and teachers have been quick to condemn what they say are increasing incidents of disruptive and violent behaviour.

The most innovative proposals backed by Mr Blair yesterday include extending the use of electronic registers in schools and issuing papers to the parents of truants to alert them if their children failed to turn up.

## orange™

To join Orange call 0800 80 10 80 or visit [www.orange.co.uk](http://www.orange.co.uk)

hutchison telecom



# Confident Israel snubs Clinton peace summit

By Patrick Cockburn  
in Jerusalem

ISRAEL has finally rejected President Clinton's offer of a summit in Washington today, apparently confident that it can withstand any pressure from the United States for a limited withdrawal from the West Bank. David Bar-Ilan, aide to Benjamin Netanyahu, the Israeli prime minister, said a summit

appeared "not to be possible until about 28 May".

The US demanded that the Israeli leader accept its plan for a 13.1 per cent withdrawal from the West Bank as a condition for attending today's summit. Mr Netanyahu told Dennis Ross, the US peace envoy: "You are putting me in an impossible situation. You want to depict me as the one who is thwarting the peace effort and I'm not pre-

pared to accept that." Mr Ross said later: "There are differences that remain. The differences are not large, but they do remain."

It is not clear how far President Clinton will dare to go in confronting Israel. The ultimatum, issued in London by Madeleine Albright, the Secretary of State, last week was progressively watered down. First Mr Netanyahu was asked

to arrive by 11 May, but then it was hinted that he could come later. American terms were said to be undiscussable, but Mr Netanyahu successfully insisted that Mr Ross would have to come to Israel to discuss them.

The Israeli Prime Minister may yet fly to the US this week - but not to go to the White House. Instead, he is expected to address the American Israel Public Affairs Committee

(Aipac), the powerful Jewish lobby group. The White House will see it as a serious challenge if Mr Netanyahu tries to activate the American Jewish community against Washington's proposals for a withdrawal from the West Bank.

Mr Netanyahu has good reason to believe he can withstand any pressure President Clinton may apply. Nahum Barnes, an Israeli columnist on

the daily *Yediot Aharnot*, noted that Mr Clinton has once again been weakened by the Monica Lewinsky scandal while Vice President Al Gore "is up to his neck with money doled out to his neck with money doled out to finance his election campaign". Aipac last month got 81 Senators to sign a letter to the President urging him not to put pressure on Israel.

There is not much Yasser

Arafat, the Palestinian leader, can now do, except doggedly pursue his strategy of trying to increase the diplomatic pressure on Israel from the US, Europe and the Arab world. Nabil Aburdeineh, an aide of Mr Arafat, said if nothing was agreed with Israel, "it will be a very dangerous situation and we will be heading towards a confrontation". Mr Arafat is keen to prevent any violence which

might give Mr Netanyahu an alibi for breaking off talks. The Israeli Prime Minister is under pressure from the extreme wing of his right-wing government not to give up any of the West Bank. Israeli voters also oppose the US proposals by a small majority. According to opinion polls, Mr Netanyahu leads Ehud Barak, leader of the more pacific Labour party, by 42 per cent to 38 per cent.



Pulling power: A Chinese strongman, Li Jianhua, pulling a van carrying eight children with a rope clipped to his ear, during a performance in the north-eastern town of Wu Qiao. Mr Li practises the martial art of qigong, which concentrates strength in certain parts of the body. Photograph: AFP

## Hungary's right plays nationalist card in election

HUNGARIANS went to the polls yesterday in an election pitting a former student radical turned populist-right winger against the incumbent Socialist prime minister, Gyula Horn. Both their parties were neck and neck in the opinion polls at around 33 per cent each, writes Adam LeBor.

Viktor Orban, leader of the Young Democrats, and his colleagues once prided themselves on their refusal to deploy the language of nationalist populism but have since lurching to the right. He has threatened to halt the final stages of electricity privatisation and reverse a Bill allowing foreigners to buy land zoned for

agricultural use. If either promise was acted on it could shake foreign investors' confidence in Hungary. Preventing foreigners from buying agricultural land would also delay Hungary's entry into the EU.

Hungary is one of central Europe's front-runners for EU and Nato mem-

bership. But the election campaign, the third since the collapse of Communism in 1989, has been marred by violence. Bombs have exploded outside the homes of two right-wing politicians. The spate of bombings has even triggered nostalgia among the elderly for the comparative stability of the Communist regime.

## Rugby tours saved as Luyt surrenders

By Mary Braid  
in Johannesburg

SOUTH AFRICAN rugby will today ask the National Sports Council to call off its plans to disrupt tours by Wales and Ireland after the country's controversial white rugby supremo Louis Luyt agreed to resign.

Mr Luyt, rugby's autocrat, bowed to pressure to quit as president of the South African Rugby Football Union (SARFU) yesterday. He told the Afrikaans newspaper *Rapport* that he intended to go, and his formal resignation is expected today.

Mr Luyt, who led white South Africans' favourite game into a bitter racially charged confrontation with President Nelson Mandela's government, told *Rapport* he felt betrayed. "My people folded. I can't trust them any more."

But his many detractors said his departure was the best thing to have happened to South African rugby since its triumphant return from international isolation in the 1995 World Cup. Hopes are now high that the divisions which led the SARFU executive splitting along racial lines last week will disappear from the game.

Mr Luyt was charged with presiding over a game that had been marred by racism and mismanagement. His refusal to allow an independent inquiry

into the allegations led to President Mandela becoming the first South African president to defend a political decision in court.

Although the court ruled that the government had no right to investigate Sarfu, the "humiliation" of Mr Mandela was the beginning of the end for Mr Luyt. The row had jeopardised rugby, and lucrative competitions, at home and abroad.

The Sports Minister Steve



Luyt: 'My people folded. I can't trust them any more'

Tshwete said yesterday that he believed the Irish and Welsh games would go ahead. But the National Sports Council (NSC) said it would wait until it met a SARFU delegation today before deciding what to do about plans to ask the Irish and Welsh teams to stay away.

The threat to the multi-

million dollar Tri-Nations Test between the Springboks, Australia and New Zealand this summer has now almost certainly been removed.

However, it remains to be seen if the departure of Mr Luyt will be enough to satisfy the Sports Council, which has called for the resignation of the entire executive of SARFU.

For years, whatever Mr Luyt said in rugby went. When demands for his resignation were considered by Sarfu's executive on Thursday, 6 of the 14 provincial rugby unions still backed him. It may be that the Sports Council wants the heads of more members who are thought to hanker after the old order.

The four black executive members of Sarfu resigned last week in protest at Mr Luyt's refusal to go. Their supporters yesterday described some of Mr Luyt's supporters as arrogant and reactionary and said that if they were allowed to keep their jobs it would be a betrayal of the four men who had quit. The future of Rian Oberholzer, the SARFU chief executive, is also in doubt.

While the government has undoubtedly worked behind the scenes to topple Mr Luyt, Mr Mandela was generous with his tributes to public yesterday. He said it was a pity that Mr Luyt's early contribution to the transformation of the game had been overshadowed.

With a Chargecard you can make the most of BT's discounts wherever you are.

Call 0800 672 144 BT It's good to talk

## Whiff of cocaine scandal haunts mayor who cleaned up Big Easy

ANOTHER evening and another gawdy, giddy parade threaded its way down Bourbon Street in the New Orleans French Quarter. There were dancers in yellow jumpsuits and outrageous hats, a brass band and, leading the whole commotion, a young black gentleman with a neat pencil moustache and a mighty smile.

It is two months since voters in New Orleans re-elected Marc Morial by a landslide to a second four-year term as mayor and last week, at just 40, he was on his way to his swearing-in ceremony.

Few politicians in the United States can claim to be sitting as comfortably as Mr Morial, whose father "Dutch" Morial became the city's first black mayor 20 years ago. In February he won 78 per cent of the vote, largely because over four years he has presided over the transformation of New Orleans from a city demoralised by decay and horrifying crime to one of regained pride and even prosperity.

While he has been helped by external circumstance - economic growth and falling crime rates have boosted countless US cities - Mr Morial's success has attracted attention even in London, as it prepares to elect a mayor of its own. On a visit to Britain last month, Mr Morial attended Prime Minister's Question Time and toured Tower Hamlets. He was there to learn but also to share his knowledge on urban policy.

This being the Big Easy, however, with its reputation for free-wheeling morals and carnal appetites, the whiff of scandal is never absent. Four years after seemingly beating back allegations that he once checked into a hospital suffering from a cocaine overdose, Mr Morial finds himself confronted with the issue all over again.

For that he has Kevin Smith to thank. Mr Smith, a long-time friend, was arrested recently and charged with buying cocaine on

### David Usborne on the New Orleans success story marred by drug claims

a street corner. Mr Morial was forced into swift action. He fired his friend. Two days later, he announced he and all 250 of the city officials who are his political appointees are to undergo mandatory drugs tests. He has promised the tests will be finished by the end of this week and that the results will be made public.

The Mayor insists there is no connection between the Smith incident and his decision to order the drugs screenings. Obligatory tests for all civil servants as well as welfare recipients is already the law on the state level. But some observers suspect Mr Morial is acting to protect himself, and his aspirations for future office beyond New Orleans, from further damage from the cocaine allegations.

"When one of your top people gets busted, you have no choice but to get rid of him and take action," commented Jim Carvin, a New Orleans political consultant who worked for Mr Morial on both his campaigns. He noted, however, that not everyone was taking the drugs testing and the mid-May deadline overly seriously. "He has certainly given them long enough to get it out of their systems".

As he did four years ago, Mr Morial furiously denies the alleged hospital visit ever took place. "It was all absolutely phoney," he told *The Independent*. "It came up as an orchestrated effort to try to assassinate my character". He says his experience shows how personal invective has hijacked the political process in America. He links it to the sexual allegations thrown at President Bill Clinton. "We live in an era where too much of politics is personal - personal attacks, family attacks, personal relationships, sexual relationships



Mayor Morial: Might give London a go

marriages," he said. The result is people are afraid to enter politics.

"Nowadays, when someone decides to run, they're going to get asked all these questions when they go for interview by their party people: 'Now, have you ever committed adultery, have you ever had extra-mar-

ital sex?' It used to be, 'Did you ever steal?'"

But Mr Morial may be living proof of the fact that however poisonous the attacks, voters will be unimpressed if the politician does a decent job. And the job done by Mr Morial has been decent. He and the police chief he imported from Washington, Richard Pennington, have tamed a crime epidemic which, after the murders of two Britons, was beginning to keep tourists away. While there were 425 killings here in 1994, almost one homicide per 1,000 people in the city, the figure was down to 266 last year.

Now Mr Morial has four years more. The law forbids him from running for a third term. He jokes about serving as the future mayor of London. "You know, after the Prime Minister, that person will be the most powerful person in your country. So if the budget is good and if they show me a nice building for the Mayor to live in, I'll think about it. I'm sure I'd get nice support from the Queen".

You needn't cut corners to cut the COST of home insurance.

For built-in contents insurance, call Midland DIRECT.

CALL FREE 0800 277 377

Lines are open 8am-8pm Monday-Friday (excluding public holidays) and 10am-2pm Saturday. Calls may be monitored or recorded for quality purposes. Issued by Midland Bank plc. Member: HSBC Group



## Italy mourns the 118 victims of mudslides at a mass funeral in sports stadium



A woman being restrained yesterday at the coffin of one of the 118 victims of last week's mudslides in southern Italy. Ninety-five coffins were laid out at Sarno's sports ground, where the Prime Minister Romano Prodi and President Oscar Luigi Scalfaro joined the mourners. People fainted in the crowds and were carried away by emergency workers who spent last week pulling bodies from the debris. Photograph: Mario Laporta

## Filipinos look for ray of hope in a violent poll

By Stephen Vines  
in Manila

ONE OF Asia's most open and free elections is taking place today as Filipinos go to the polls to elect a president, legislators and local officials. And it must be the only election in the world that has a cigarette company sponsoring the effort to keep it clean.

In most countries the word clean is not usually associated with smoking but here in the Philippines, Hope, "the luxury cigarette", is also sponsoring Project Hope - which stands for Honest, Orderly and Peaceful Elections.

Given the chequered history of Philippines elections, Hope has a big job on its hands. The banks are already reporting an acute shortage of 50 peso (£1) and 100 peso banknotes, which happen to be the denominations most commonly used to pay for votes. Reports have also started to flow in about pre-written ballot papers.

The election death toll is rising, with more than 30 people killed in election-related violence so far. An example of how

hated the country's media is towards such deaths concerned an unidentified man who joined a crowd at the final rally for the presidential candidate Alfredo Lim - a strong supporter of capital punishment. At the rally he climbed a tree, lowered a rope and then hung himself. "This incident", reported *The Philippine Star* newspaper, "was not enough to disrupt the political meeting."

The victor in the presidential race will probably be the current Vice-President Joseph "Erap" Estrada. This candidate a former movie idol, has little to say about his policies but is immensely popular among the poor who make up most of the population. Yesterday, he predicted that he would get one-third of the vote, which may be enough as Fidel Ramos won the presidential poll six years ago with only 24 per cent.

Mr Estrada's main rival among the 10 other candidates is Jose de Venecia, an old-fashioned machine politician who has been backed by President Ramos. At the weekend, Mr de Venecia was predicting "the biggest upset in Philippine po-

litical history". Few share his confidence. Black propaganda is also rife. One mass circulation tabloid newspaper splashed on the news yesterday that Mr Estrada had had a stroke and was recommending his supporters to back Mr Lim. A tired but robust Mr Estrada appeared before the press to rebut the report.

In races for the senate and congress the Philippines is seeing a triumphal return of the old political clans who traditionally controlled fiefdoms around the country. The Marcos clan has a stronghold in the province of Ilocos Norte that has not been weakened much in spite of the fall from power of the autocratic Ferdinand Marcos in 1986. His widow, Imelda, who has cut an increasingly absurd figure, has finally withdrawn from the presidential race and given her backing to Mr Estrada.

The rumours are that she is hoping for a presidential pardon following her conviction on a number of embezzlement charges. The late president's son Bong Bong and daughter Imee are still in the race for the governorship of the province and a congressional seat.

## Pakistan's Christians rally to rebellion

By Marcus Tanner

THE FUNERAL of the Pakistani bishop who killed himself in protest against the death sentence imposed on a fellow Christian yesterday turned into a rally against the country's harsh blasphemy laws.

And in a sign of how the affair has dangerously escalated religious tensions in the overwhelmingly Muslim country, a furious mob of several hundred militant Muslims went on the rampage in a Christian village near where the funeral ceremony was taking place, setting houses on fire and terrorising residents.

Bishop John Joseph's funeral in Faisalabad cathedral drew a crowd of thousands, despite repeated clashes around the building between Christian mourners the police on Friday that ended in the police firing shots and several mourners suffering bullet wounds.

During the service, which took place under a heavy police guard, clerics shouted praise for the bishop. They repeated his demand for Pakistan to repeal the harsh religious laws which resulted in a young Catholic, Ayub Masih, being sentenced to death for allegedly praising the writer Salman Rushdie.

"Bishop John Joseph has laid down his life for a cause," Fr Pervais Emmanuel told the crowd. "He wanted [Legal code] 295c to be abolished."

"The blood of Bishop Joseph will pave the way for a revolution," read one of the banners held up by the crowd. Masih is still in jail, pending an appeal. But the bishop, acting on earlier threats to make a dramatic gesture, shot himself dead last week in the building where Masih was sentenced.

Unintentionally, the bishop's self-sacrifice may have heightened tension between Muslims and the small Christ-

ian and Hindu minorities, making the repeal of the blasphemy law less likely than ever.

Yesterday, the minister for Religious Affairs, Raja Ziaul Haq, defended the law and, in reply to US calls for it to be repealed, accused Western countries of snubbing the religious sensibilities of Muslims.

"Demands for scrapping the law stems from ignorance," he said. Pakistan's Christians feel the law can be easily abused to enable Muslims to blackmail Christians and force them off their property. Masih, for example, was sentenced on the basis of the word of one Muslim neighbour.

Another Christian, Ranjiah Masih, was arrested at the weekend after a Muslim accused him of defacing a board on which a Koranic verse was written during the disturbances which surrounded the arrival of Bishops Joseph's body in Faisalabad for the funeral.

## Kosovo leader in US talks

PRISTINA (Reuters) — The United States envoy Richard Holbrooke yesterday met Ibrahim Rugova, leader of Kosovo's ethnic Albanian majority, after the Yugoslav President Slobodan Milosevic refused to accept foreign mediation over Kosovo's demand for independence.

Mr Holbrooke spent several hours with Mr Milosevic on Saturday without moving the Yugoslav leader over his rejection of mediation, despite Western sanctions which threaten to inflict fresh damage on his crippled economy.

Mr Rugova has refused direct talks with the Belgrade government without the participation of a foreign mediator and has boycotted negotiations on Mr Milosevic's offer of autonomy within Serbia.

The new sanctions ban foreign investment in Yugoslavia and follow a freeze on its foreign assets imposed last month.

## Maurizio Gucci's ex-wife goes on trial for his murder

THE former wife of Maurizio Gucci goes on trial today accused of plotting the fashion mogul's murder. Gucci was gunned down on the steps of his Milan office three years ago. Patrizia Reggiani, 50, and four alleged accomplices, face up to 30 years behind bars if found guilty. After a two-year investigation, police arrested Reggiani in Milan, along with a friend, Pina Aurimemma, a hotel porter and two alleged hit-men. — Reuters, Milan

## Pope beatifies Spanish nuns

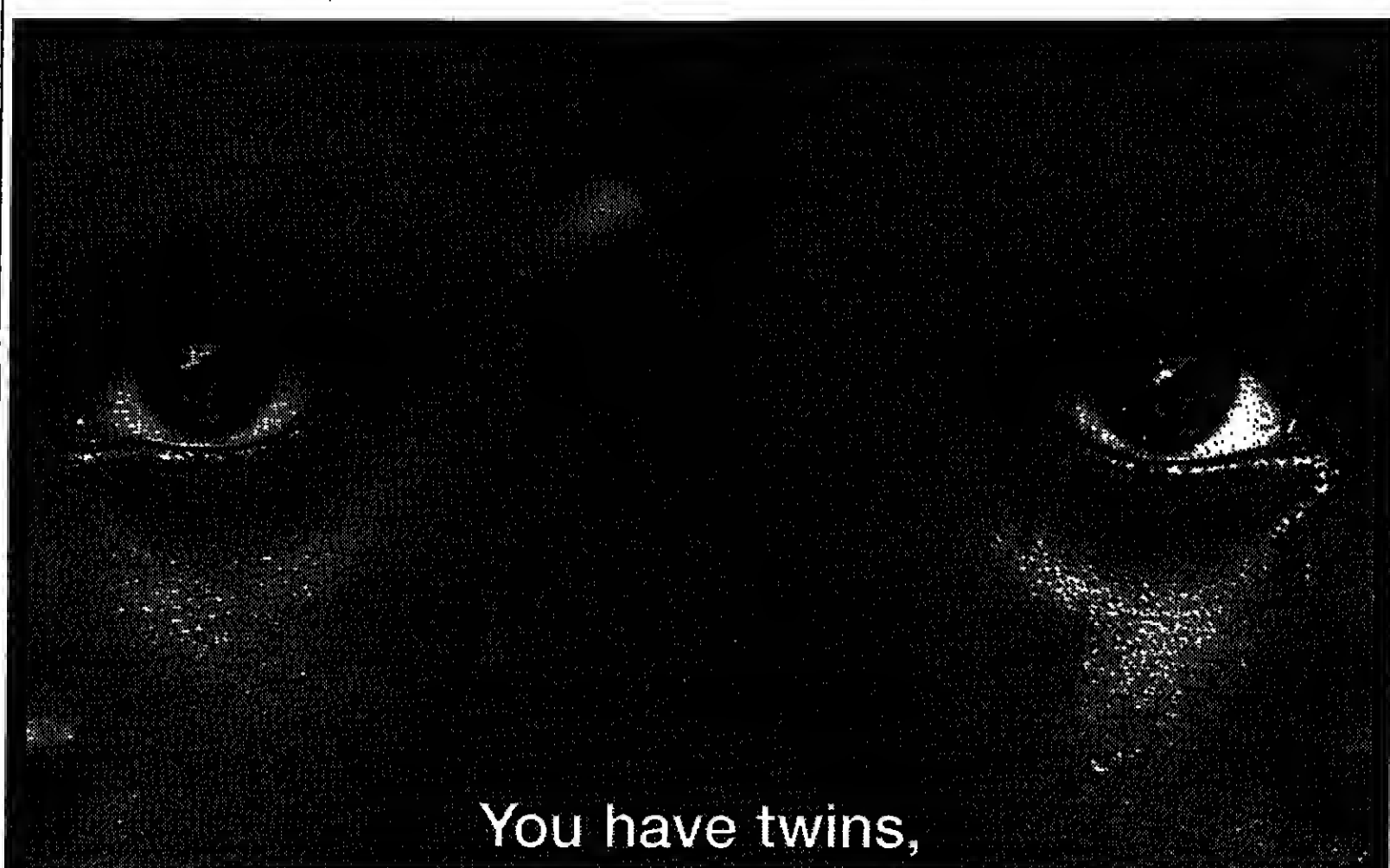
THE POPE has made the initial moves that will see 10 nuns, killed during the 1936-1939 Spanish civil war, on the road to sainthood. The nuns, who were all Spanish, were among 12 people beatified by the Pope at a ceremony in St Peter's. Among the attendees was Queen Fabiola of Belgium, a distant relative of one of the nuns. Nearly 7,000 Catholic priests, monks and nuns were killed during the war. — Reuters, Rome

## Man, 100, to face sex trial

A 100-YEAR-OLD man from suburban Detroit has been found competent by a judge in a court in Macomb, Illinois, to stand trial for allegedly molesting three girls. Vincenzo Agnello faces five counts of second-degree and four counts of fourth-degree criminal sexual conduct, the Roseville Police Deputy Chief, Rick Heinz, said. — AP, Roseville

## Auckland blacks out again

A POWER failure blacked out the centre of Auckland yesterday, a month and a half after the city began to recover from more than five weeks of power cuts caused by cable failures. A fire in a cable was the latest culprit, unrelated to the failures that dimmed the city from 20 February to 27 March. — AP, Auckland



You have twins,

but only enough food for one.  
Which one do you feed?

When Meseret Nara gave birth to twins no one saw cause for celebration. She already had hungry mouths to feed. Two more was disaster.

Meseret was only too aware of what malnutrition means to a baby born into a shanty town: the baby dies. She had already lost a child in the first year of life and with one in three twins celebrating their first birthday alone, why should hers be any different?

Meseret was lucky. In Ethiopia

Christian Aid supports an organisation that helps the poorest families cope with multiple births. Her family was put on an emergency feeding programme, given proper healthcare and eventually taught skills to enable them to go it alone. But for too many third world mothers there is no such help and nature takes its inescapable course.

Christian Aid works in over 60 different countries on a continuous basis. So should there be a crisis, such

as the current situation in Sudan, we are already in a strong position to help.

This week is Christian Aid Week, please help us to prevent families having to face choices that are impossible to make. Fill in the coupon or call with a donation now. You'll be giving us an answer to our original question.

Please give now. Call  
**0345 000 300**

I enclose a cheque/PO made payable to Christian Aid for: £250 ☐ £200 ☐ £100 ☐ £25 ☐ Other £ \_\_\_\_\_

Or, please debit my card. (Mastercard/Visa/ specify) \_\_\_\_\_

Card No. \_\_\_\_\_ Expiry Date \_\_\_\_\_

Signature \_\_\_\_\_ Name \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Send your donation to: Christian Aid, Freepost MR8192, Manchester M1 9AZ.

Please visit our web site [www.christian-aid.org.uk](http://www.christian-aid.org.uk)

© Christian Aid

**Christian Aid**  
We believe in life before death

**Christian Aid Week. May 10-16.**



**Home Insurance**  
You could save up to  
**£50.**  
Reflexively straightforward insurance

Call FREE for a quote.  
**0500 50 40 80**  
LINES OPEN 9AM-5PM WEEKDAYS,  
9AM-12PM SATURDAY  
Please quote reference 1199717

**Alliance Leicester**

Alliance is Leicester plc. Registered Office: 49 Park Lane, London W1Y 4EG. Company No: 3263712. Registered in England. Authorized as a bank pursuant to the Banking Act 1987. Member of the British Bankers Association. The insurance is underwritten by Alliance & Leicester General Insurance Company Limited and Eagle Star Insurance Company Limited. For details and terms please call. Telephone calls between you and Alliance & Leicester or its subsidiaries may be recorded or monitored.



# Poorest nations to shame G8

By Louise Jury

EIGHT of the world's poorest countries will this week challenge the eight richest nations to solve the problem of international debt. Backed by a scathing report from Christian Aid launched today, poor countries aim to shame the G8 countries meeting in Birmingham on Friday into action.

The report - *Forever in your debt?* - accuses the G8, which comprises Britain, the United States, Canada, France, Germany, Japan, Italy and Russia, of double standards. It claims they have helped each other out in the past and are bailing out crisis-hit countries in Asia today, while dragging their feet for those most in need.

Christian Aid studied eight countries (named the P8) - Jamaica, Malawi, Bolivia, Tanzania, Bangladesh, Mozambique, Nicaragua and Ethiopia and found all were spending more servicing their foreign debts than on health.

In every country except Ethiopia the debts were more

than the health and education budgets combined. The report claims almost £1.8bn every year leave its poorest eight countries to repay debts while the G8 receive more than \$30bn from developing countries.

The kind of problems faced by debt-hit countries include tackling Aids in countries like Tanzania where more than two million people are expected to be HIV-positive by 2000. In Mozambique, one of the world's most aid-dependent countries, less than 40 per cent have access to health services.

In Bolivia, one million children get no education at all while servicing debt takes nearly one-third of the country's income. In Jamaica, which is considered too rich to qualify for debt relief, one third of the population lives in what Unicef described as "absolute poverty".

Christian Aid argues Britain could take a lead by cancelling debts owed to it by the most heavily indebted countries. The amount would be less than a quarter of the amount spent on cigarettes each year.

Eight of the richest and eight of the poorest			
	GDP per capita £	Life expectancy	Infant mortality rate per 1,000 live births
Japan	21,135.2	79.8	4
US	15,794.9	76.2	6
Germany	15,611.6	76.3	6
France	14,293.6	78.7	6
Italy	11,779.1	77.8	7
Canada	11,687.6	78.0	6
UK	11,193.2	76.7	6
Russia	1,617.3	65.7	18
Mozambique	54.9	46.0	116
Ethiopia	61.0	48.2	115
Tanzania	85.4	50.3	85
Malawi	103.8	41.1	147
Bangladesh	134.3	55.4	85
Nicaragua	207.5	67.3	48
Bolivia	469.9	60.1	71
Jamaica	939.9	73.9	13



Preparing the nshima maize for porridge.

Photograph: Paul Valley

## Much to be thankful for but much to do in the parish of St Kizitu

In the first of a series of articles before the G8 meeting in Birmingham, Paul Valley reports on Third World debt

THE guest house in the mission station in Lusaka in Zambia's Southern province was clean, and had a shower and too which, it turned out, worked fine. But it was my first trip into the bush after the relative comfort of Lusaka. I stood in the hot little room, which an aid worker had earlier warned me was nicknamed the oven, and looked around.

Everything in this room was infected with killer germs. I decided. Every surface was hostile. I stood paralysed by fastidious inaction for a full minute.

We had arrived there after three hours bumpy travel along pot-holed roads. "These are the good ones," laughed Mulima Kufekisa, who heads a team to monitor the impact on ordinary people of the drain of Zambia's repaying its share of the Third World debt which world leaders are to discuss at the G8 summit this weekend.

"The journey to Kasama or Chipata is not that much further but takes nine hours because of the roads. The vehicle has to go into the garage after every trip because so many bits have been shaken off."

"Please keep your car in a roadworthy condition at all times," said the chirpy little propaganda sticker on the back of the road tax disc. It might be easier, I complained, if the government kept the roads in a carworthy condition.

Mulima laughed again. There was no money for that kind of thing, apart from prestige roads in the capital, thanks to the cuts in public spending



'Life ends at 40 for one in three Africans. Health care has been cut to pay the debt'

imposed to pay the interest on the debt.

It was not just my back which suffered. Poor farmers find it difficult to get their produce to market and end up taking whatever is on offer from any middle-man prepared to risk his lorry axle to get to them. The welcome was warm here in the parish of St Kizitu. Two young church activists with the odd first names typical of the area had met us.

Robson Simweemba and Stenbridge Siantobolo greeted us, along with an old man who asked if we had brought any newspapers from which he could make cigarettes.

Sister Gabriella, an Italian nun, once of Vicenza but now a Zambian of 20 years standing,

invited us into a large barn, one of the few places with electric light, where a feast of goat's meat with *nshima* maize porridge awaited.

"This is where we used to store the maize, so it's full of mosquitoes," said the parish priest, Fr Angelo, cheerfully. He then went on to talk about how the malaria locally was resistant to many drugs. "I've had it a few times. We find that a drip of quinine is the only solution."

So what was happening in England one of the local farmers, a dedicated World Service listener, asked me. "Was Tony Blair better than John Major? And how had Linda McCartney died?"

Everyone had been very sad, I said; she was only young. "How old?" asked Mulima. Just 56, I said. That's old here, came the reply. "Life ends at 40 for one in three Africans. Health care has been cut to pay the debt."

"It's easy for Europeans to forget," said Fr Angelo. "Whoever I go back to Milan on holiday I tell the children never to cease wondering at the miracle of clean water which flows into their homes at the run of a tap. And I tell them: don't waste it."

It was the memory of that - and the glass of clean pure water by the bedside - which brought me back to my senses in my room after dinner. There was too much to be thankful for. Outside a lion roared a mile off. And too much to do.

Tomorrow: on the banks of the Zambezi

**mesh**

**digital**

In a world too ready to abandon the last great thing for the next great thing, we make all your IT investments - past, present and future - work as one. Whether it's OpenVMS, UNIX or Windows NT, we have the people and the tools to help you make it all work like a single, well-oiled machine. Find us at [www.digital.com/mesh](http://www.digital.com/mesh), or call 0800 393 200. And get ready to win in a networked world.



thankful for  
to do in the  
Kizitu

ICA

0000

gital

A new financial  
company  
that will change  
the way we  
save forever?

B







# The Lord of the checkout



DEBORAH ROSS

TALKS TO  
DAVID SAINSBURY

SO, David Sainsbury resigned last week as chairman of the supermarket chain to concentrate on being Lord Sainsbury of Turville, a working peer. He was ennobled last August by Tony Blair, but such have been the demands of his day job he's only, he admits, voted five times since. I wonder, naturally, if there is a special express queue in the House of Lords for those who have only voted five times or less. And, if so, David, do you ever get that terrible bossy-boots behind you? The one who will inevitably start yelling "Excuse me. But I think you've actually voted SIX times. You have no RIGHT to be in this queue. You are a DISGRACE. Get me the manager..."

David - he insists on being called plain "David" by everyone - doesn't quite know what to do with this question. David has, even, quite a look of fear in his eyes. David is gloriously serious-minded. David's hobbies include plant biology and cognitive neuroscience, as well as art, of course. The first book David ever bought was "a little book on architecture, when I was about 10". David reads political philosophy for fun. David is the richest man in Britain - he and his family are worth £3.5bn - but has yet to appear showing off some kind of yacht in *Hello!* I doubt he's ever drunk too much and ended up doing the conga. Still, I find I rather adore him for it, as do his staff. One later says to me: "There is something about him that just makes you want to cuddle him." I tell him, "I know what she means. It's the combined effect of his solemnity, honesty, intelligence and, yes, in some ways, innocence. It makes you want to protect him from anything that might perplex or frighten him. 'David,' I tell him, 'I know of another working peer. It's in Brighton and very jolly it is too. It's got fruit machines on it and everything.' I think this a very clever and amusing pun on 'peer' and 'pier' He simply goes: 'What? Sorry?' while looking utterly terrified again. Oh, David my love, come here and rest your sad head upon my chest..."

Some people think David is actually too much of a deep thinker, too cerebral, to have ever been really capable of cutting it at the sharp end of food retailing and that, consequently, he ultimately had to go. Was pushed rather than jumped, if you like. I'm not so sure. True, as chairman, he proved very unlike his immediate predecessor - his cousin John, now Baron Sainsbury of Preston Candover - who was a great hands-on autocrat, feared as much as respected. David, who was appointed chairman in 1992 after 17 years as finance director and two as deputy chairman, was much more consensual, much more a listener than a fierce issuer of orders. And, yes, the business -

founded by his great-great-grandparents as a single butter shop in Drury Lane in 1869 - did seem to falter for a while.

Indeed, during David's tenure the company had to issue its first profit warnings to shareholders in more than 20 years. Then, horror of horrors, Tesco - which had long been regarded as an also-ran for the lower classes - knocked Sainsbury's from its number one spot as this nation's favourite food retailer, the result of very clever and aggressive marketing. Certainly, David accepts he made mistakes. He dismissed loyalty cards as little more than "electronic Green Shield stamps" and then had to launch his own card when it proved a spectacular success at Tesco. The company avoided urban mini-stores, like Tesco Metro, saying they couldn't be profitable. Now, it is testing its own version, Sainsbury's Local.

However, it's also true that the company may have been going off the boil anyway when David took over. One management team had gone, and it had yet to be replaced. Now that a new team is, finally, in place, things do seem to be looking up again. A new venture, Sainsbury's Bank, had half a million customers and £1bn of deposits within eight months of opening last year. Profits and market-share are climbing again.

"No," says David, during meetings oo when, say, Dutch tomatoes should hest be picked, his mind does not drift to other, weightier things. His heart has always been very much in it, he insists. He has always found the business "fascinating". He is very proud of what Sainsbury's has achieved over the years. "You know, bringing avocados to everyone. And wine. Things we could only do because people trusted our name." Talking of wine, I say, can I be one of your wine buyers? I quite fancy going from Australia to Chile via California while getting totally smashed. He says: "Actually, my wine buyers tell me that it is hard work tasting 30 clarets before breakfast." David? "Yes." They would, wouldn't they? Sometimes, you need to be shallow, like me, to see the obvious.

He is, yes, an intensely shy and private man. He rarely gives profile interviews. I am only here today because, when I phoned the Sainsbury's press office to put in my request, I happened to tell them three things, all of which are true: 1) My mother (whom I know I mentioned last week, and who is in danger of becoming a north London icon) has shopped at the Golders Greco branch of Sainsbury's for as long as anyone can remember; 2) My mother goes every Tuesday at 8.30am. (Should the birth of a grandchild, say, irritatingly interfere with her plans she will phone ahead to prevent them dispatching a missing persons bulletin); 3) When I graduated from university, I got a congratulations card signed "from the ladies behind the delicatessen counter, Sainsbury's, Golders Green". This, apparently, swung it for me. Indeed, when I enter David's office at his firm's London headquarters he says, first off, that they are actually thinking of exceeding the Golders Green store. Perhaps my mother should be consulted? He must get her details. (I later recount this to my mother, who now won't speak to any of her friends on the phone: "GET OFF THE LINE LORD DAVID MIGHT BE TRYING TO GET THROUGH.")

Anyway, I'd arrived at his office clutching a copy of that wonderful 1969 photograph of all the then Sainsbury board members sit-

ting at the check-outs in one of the supermarkets. David is at the far end, looking very Austin Powers, International Man of Mystery ("who?") while his father, Sir Robert Sainsbury, is sitting second from the front. If it is Sir Robert, that is. Indeed, I have brought the picture with me today because I have my doubts about this. As I tell David, the more I look at the picture the more it occurs to me that, in truth, your father is actually Captain Peacock from *Are you Being Served?* Admit it, David. You're Captain Peacock's secret love child, aren't you? He says: "Are you being... what?" I don't think David is very up on terrible Seventies sitcoms. I had intended, at this point, to discuss whether Mrs Slocombe's pussy jokes would be less or more funny if you didn't see them coming so far in advance, but ultimately decided it would probably not be in my best interests to do so.

There is absolutely nothing splashy or colourful or jokey about David Sainsbury. His suit is navy M&S. His tie is a plain stripe. He lives quietly and modestly with his wife, Susan, and their three daughters in west London and the Cotswolds. The most extravagant thing he's ever done? "I once bought a Stubbs print of a horse being savaged by a tiger. It was quite expensive, but it was just before I got married, so was feeling happy."

His childhood wasn't especially splashy, either. Yes, of course his parents were very rich. His father, grandson of the founder, was a chairman of Sainsbury's in the Six-

ties before, presumably, getting that job at Grace Brothers. His mother, Liza, comes from a rich, Dutch margarine family. His mother is Jewish, yes, although not practising Jewish. "Her father was an atheist." Still, it explains why David looks rather like an Israeli general in multi and specs.

He was brought up to believe that money was fine, and lots of money was fine, but only so long as you were responsible with it, only if you didn't throw it around. "If you went out to buy a sweater, you didn't buy the most expensive sweater, you bought the one that represented the best value for money." In short, good food costs less and all that? "Absolutely." No, as a Sainsbury, he doesn't get his weekly shop delivered by Daimler. "My wife goes every week and shops herself. It is very useful in terms of market research. She will come back and say, 'I thought the bacon looked awful.' Do you collect reward points? 'Absolutely! Yes! I forget to ask whether he spends them on air miles or a discount on his BT bill."

Perhaps, somewhere along the line, he also learned that it was unseemly to be emotionally frivolous or extravagant, too. Yes, he was a bookish child. Yes, he really was very interested in architecture at 10. No, he didn't realise his family was any different to any other until he went to Eton. "Theo I realised that not everyone had Francis Bacon on their walls."

His parents famously collected art - Bacon, Moore - but did not do so stupidly. They set aside a budget of £1,000 a year,

and never overstepped it. His whole family is art mad, hence the Sainsbury Wing at The National Gallery. But, no, David is not very into British modern stuff. He didn't, for example, bother with the recent *Sensation* exhibition at the Royal Academy. "I'm not very interested. I just don't like it." We talk a bit about Tracy Emin's *Everyone I Have Ever Slept With*, which is basically a tent with, well, the names of everyone she has ever slept with stitched inside it. I say that if I were to do my own version, I would only need to erect a pocket hanky, if that. He laughs. He is beginning to warm up quite nicely, although I'm not sure whether to be pleased or not. I wasn't being serious, of course.

He went to Cambridge to study history, but packed it in mid-way and swapped to psychology. He was "bored" of churning out essays, he says, and had become excited by the scientific breakthroughs then taking place. "I met a whole group of new people, scientists, who were having a wonderful, exciting time. Crick and Watson were working down the road, so to speak. It was a world I knew nothing of. So I started reading up a bit, then found I wanted to do some science." He was, and still is, fascinated by the neuro-physiology of the brain. Yes, he does think we are the sum of what our brains are capable of. "And in the next 10, 20 years, we will really begin to understand how the brain works, although I don't know if the mysterious thing that is consciousness will ever be explained." He is much less keen

David Sainsbury: 'Romantic, to me, means having a vision of something you pursue that is way beyond what is reasonable.' Photograph: David Rose

on non-neurological accounts of human behaviour. Freud and psychoanalysis, for example, do little for him. "All of it is by and large wrong. More, it is unscientific, based on very dubious research." I don't think he's a man who sets great store by impulses.

I am pretty sure that, if David had not been born a Sainsbury, he wouldn't have ended up a grocer. By this, I don't mean he has wasted his life in any way. I do think he has rather enjoyed it up to a point. But still, there are other things he might have enjoyed more. I put it to him: David, if you had not been a Sainsbury, what would you have been? "Well, obviously, I have thought about this a lot," he replies. "I think I would have been a scientific researcher, a teacher, or the founder of a small high-tech business making obscure things for people."

He is a great philanthropist. He has a charitable foundation - The Gatsby Foundation - to which he recently donated £200m in Sainsbury shares. The foundation co-ordinates donations to causes such as health care, technical education and plant science. Some philanthropists are philanthropists because they feel guilty about what they have. I don't doubt David has a social conscience (he was a supporter of the now defunct SDP before becoming a Blairite and giving the Labour Party an alleged £2m in the run-up to the election) but, still, I think he probably gives his money to the causes he does because, if he can't be an academic in some nice, quiet, hackwater himself, then he will pay someone else to do it for him. And, yes, get some pleasure that way.

Anyway, the Gatsby Charitable Foundation. Why 'Gatsby', David? Because, he explains, Scott Fitzgerald's *The Great Gatsby* is one of his favourite books ever. Really, I cry, expressing astonishment. But Gatsby was the antithesis of you. Gatsby was an extravagant, playboy millionaire. "Yes, but it's a great romantic book and I am a very romantic person." How are you using 'romantic' here, David? "Romantic, to me, means having a vision of something you pursue that is way beyond what is reasonable." No, not a grocer at heart, I think.

He is looking forward to his new life, yes. He will get involved with legislation. He hopes to be particularly active in matters to do with education and science. He has also recently funded a cognitive neuro-science unit at University College London. Plus, he will chair the new University for Industry, a government initiative designed to improve the skills of teenagers who leave school and do not attend further education. At Sainsbury's, this means that, for the first time ever, there is no family member heading it. This is sad, yes, but unavoidable. It was time for David to go off and do other things. The fact that no younger family members have expressed an interest in running the shop is fine with him. "I respect that the younger members want to do other things. It would be dreadful if they came into the business because they felt they had to." He would never say as much, but I'm pretty sure he might once have felt like that.

Anyway, we've had 90 minutes, and now he has to go. He has a meeting with his bankers. Oh David, I sigh, not that overdraft again. Although I know what it's like. You put your card in the cashpoint thingy and then it just won't give it back. So embarrassing! He says: "That's never happened to me, actually." But he says it with a twinkle of amusement in his eye. He's hard work, yes, but worth it in the end. The best people usually are.

## Can National Service really make a comeback?

George Robertson wants jobless people to join the Army. But he may have a fight on his hands. Mark Childs reports

IT'S being called the Fifth Option - the attempt to get jobless youngsters to join the armed forces as part of the Government's New Deal to steer people back to work. Not content with offering the young unemployed training, work in the voluntary sector, a place on an environmental task force, or a job, ministers have succumbed to an impulse to corral the nation's youth into military duty.

Sound familiar? It certainly does to those old enough to have taken part in National Service. In the years between 1947 and 1963, more than 2 million men took part in a somewhat pointless round of square-bashing, potato peeling

and kit cleaning, with the promise of little else but a demob suit for serving Crown and country. Not all conscripts escaped active service, however. Many were sent to the front-line, in one or other of the 57 "actions" in which Britain was involved between 1947 and 1963, from the Korean War to anti-insurgent campaigns in Cyprus, Malaya and Kenya.

"Action wasn't something particularly on our minds," says Bruce Kent, the former chairman of CND, who served in the Army from 1947 to 1949. "We were taught to bayonet-charge sandbags whilst yelling at the tops of our voices, but the thought that we



might be doing it to people just never occurred. The closest I came was a tour in Belfast, but that was keeping the civil peace, it wasn't warfare.

"You must remember, though, that I came from a public school background. I saw service as my duty as a loyal citizen, it was really the carrying over of an ethos from one institution to another. I was an unthinking part of the machine



and a committed and conscientious soldier."

The reason for the Fifth Option - put forward by George Robertson, the Secretary of State for Defence - echoes that of the Labour Secretary of State for War, Lord Manny Shinwell, when he introduced National Service in 1947 - a shortage of recruits. Then, the country needed an extra 250,000; today, it is 9,000.



One man who revelled in the experience was the controversial Mancunian comic Bernard Manning, who was conscripted in 1948. "Oh, it was a wonderful time," he says, "some of the happiest days of my life. I was in the Manchester Regiment and I sang with the Regiment band out in Berlin."

The greatest thing was the comradeship, I still see pals I

made during service. We did everything apart from fight - they trained us with steel guns, grenade throwers, all that kind of thing - but it was the discipline which was more important. Coming from home where your man would be cooking your dinner to standing in a square having a sergeant-major screaming bloody murder in your face did you a world of good."

If his life wasn't made miserable by the sergeant-major, or even worse, by the boredom, then a young man's Army days could be made wretched by a dose of venereal disease. Young servicemen often had their first sexual experiences with prostitutes in far-flung corners of what remained of the British Empire - as portrayed in *The Virgin Soldiers*, by former National Serviceman Leslie Thomas, who based his novel on his time in Singapore in the Royal Army Pay Corps from 1949 to 1951.

Both Bruce Kent and J G Ballard, the novelist believe that times have changed so much that it will be impossible to make such a scheme successful. "It made perfect sense at the time, after five years of war and when a great feeling of national purpose remained," says Kent. "But you couldn't bring that back today, train people from 18 to 21 with-

in the military and then throw them back out to join the rat-race. It wouldn't work."

"For the majority," says Ballard, "National Service was a vast great headache which they were only too happy to get out of."

Any politician seduced by the idea will have to balance the disastrous PR of a conscript being killed with the benefits of the military life - a framework of discipline and values missing from the lives of many youngsters, apparently.

"The argument that the military offers some system of moral probity does not hold water," says Ballard. "You just need to look at the example of our delightful squaddies out in Cyprus. The army is ultimately structured to elicit an aggressive response from young men. I believe that square-bashing has been tried in these sharp, short, shock prisons anyway without any great effect."

needn't cut  
ers to cut the  
it of home  
nce



# THE INDEPENDENT

ADDRESS: 1 CANADA SQUARE, CANARY WHARF, LONDON E14 5DL  
TELEPHONE: 0171 293 2000 OR 0171 345 2000  
FAX: 0171 293 2435 OR 0171 345 2435  
THE INDEPENDENT ON THE INTERNET: WWW.INDEPENDENT.CO.UK

## Getting children back to school

"SOCIAL EXCLUSION" sounds like one of those phrases dreamt up by the European Commission bureaucracy and translated into English from the French via Danish. Which is, more or less, what it is. It was Euro-code for unemployment and poverty before being stolen by the tone-deaf wordsmiths of New Labour. Linguistics apart, however, the Prime Minister's Social Exclusion Unit is a bold attempt to cut across departmental lines and tackle the causes of inequality.

Today sees the unit's first report, concerning schools. For those who do not have the time to read the whole thing, Tony Blair provided a short summary in yesterday's *News of the World*. (At a rate of 1.5 articles per week since the election, he is surely the most prolific journalist prime minister over.) His account, as with so much of Blairism, is a series of sensible ideas which add up to rather less than an attack on deep causes, in this case of truancy and - that euphemism again - exclusions (these used to be called expulsions, but this was presumably thought too direct). Children who bunk off school usually do so because they think it offers them little, and they are usually right. Mr Blair points out that truants are more likely to leave school without qualifications and to be out of work at 18: it is precisely because many of them can see what is coming that they do not see the point of school.

Giving police the power to arrest truants is all very well, but it can only make sense if it can be shown that attending school is in the child's best interest. Mr Blair mentions in passing "making lessons more interesting and work-based", but a great deal more thought - and resources - needs to be devoted to basic literacy, numeracy and life-skills training for those who are heading for trouble. As for court orders requiring parents to escort their children to school, in any situation where this might be necessary, such an order is almost bound to be counter-productive. Symbolically, it might serve as a reminder that parents bear the primary responsibility for their children's education, but it should also be remembered that school is not compulsory in the United Kingdom and that it is up to parents to decide how their children should be educated.

School expulsions are a different matter, although they are linked, in that some schools are quite happy if some of their more difficult pupils "disappear" during the day. The sharp rise in expulsions this decade has been driven by exam league tables and the growing power of schools to select their intake. Schools urgently need performance indicators which do not give them an incentive to dump time-consuming, low-achieving pupils. But they also need more staff if they are to take disruptive pupils out of classes. And, where pupils are expelled, more resources are needed to ensure that they are efficiently educated out of school and not left to roam the streets. More money is not the answer to everything, but the beginnings of social exclusion at school age cannot be tackled without it.

## The shift from bomb to ballot box

THE JOURNEY to peace in Northern Ireland has required many necessary evils. It was evil to negotiate with terrorists, but it had to be done. It was evil for a minister in a democratic government to visit the Maze prison and talk to killers, but it had to be done. It was evil to release early some terrorist prisoners convicted of lesser offences, but it had to be done. And it was evil to let out the murderers of the Balcombe Street Four to be acclaimed as returning heroes, albeit just for the day, by the Sinn Féin conference in Dublin yesterday. But it was necessary.

These are, let us remind ourselves, the gang who murdered at least 16 people. Some of them admitted to the Guildford and Woolwich bombings in 1974. Wild cheering went on for more than 10 minutes with delegates, many in tears, stamping their feet and roaring their approval. Lord Tebbit, his quill dipped in acid, remarked that the Kray brothers should have joined the IRA. There is some justice in that, but no understanding. If fewer people are killed as a result of the Good Friday Agreement, then the compromises made by the British and Irish governments will be justified.

Yesterday's show of emotion by Sinn Féin was a necessary part of securing the firmest possible republican endorsement of the Agreement. It was not pleasant to hear Gerry Adams praise and honour the Balcombe Street gang, but it was part of shifting the psychology of the movement from bomb to ballot box. It jarred to hear Mr Adams describe Sinn Féin as a party of "Protestants and Dissenters" when its military wing for so long lent its name to sectarian hatreds. But what mattered yesterday was not just that Sinn Féin endorsed the Good Friday Agreement but that it changed its constitution in order to take up seats in the new Northern Ireland assembly. In order to do that, its representatives have to renounce violence in categorical and permanent terms. Let us turn from past evils, then, and look forward to the future with hope.

## Equals in Eurovision

NOW THAT the Eurovision Song Contest has gone the way of the Conservative Party, and ditched a corrupt, narrowly-based voting system in favour of a wider democracy, it comes as a relief to discover that we have nothing to fear from the prejudices of the masses. It may not have been a great step forward for music, but it was a giant step for transsexuals. Even as an Israeli rabbi condemned Dana International for taking a "message of darkness" to Birmingham, the peoples of Europe (broadly defined) were phoning in their message of tolerance. In Britain, where the phone-in poll has become a byword for tabloid-incited censoriousness, this is the most unexpected feature of the popular verdict. As Ms International herself said: "This goes to show that the whole world is open-minded and liberated. We are all equal."



MILES KINGTON

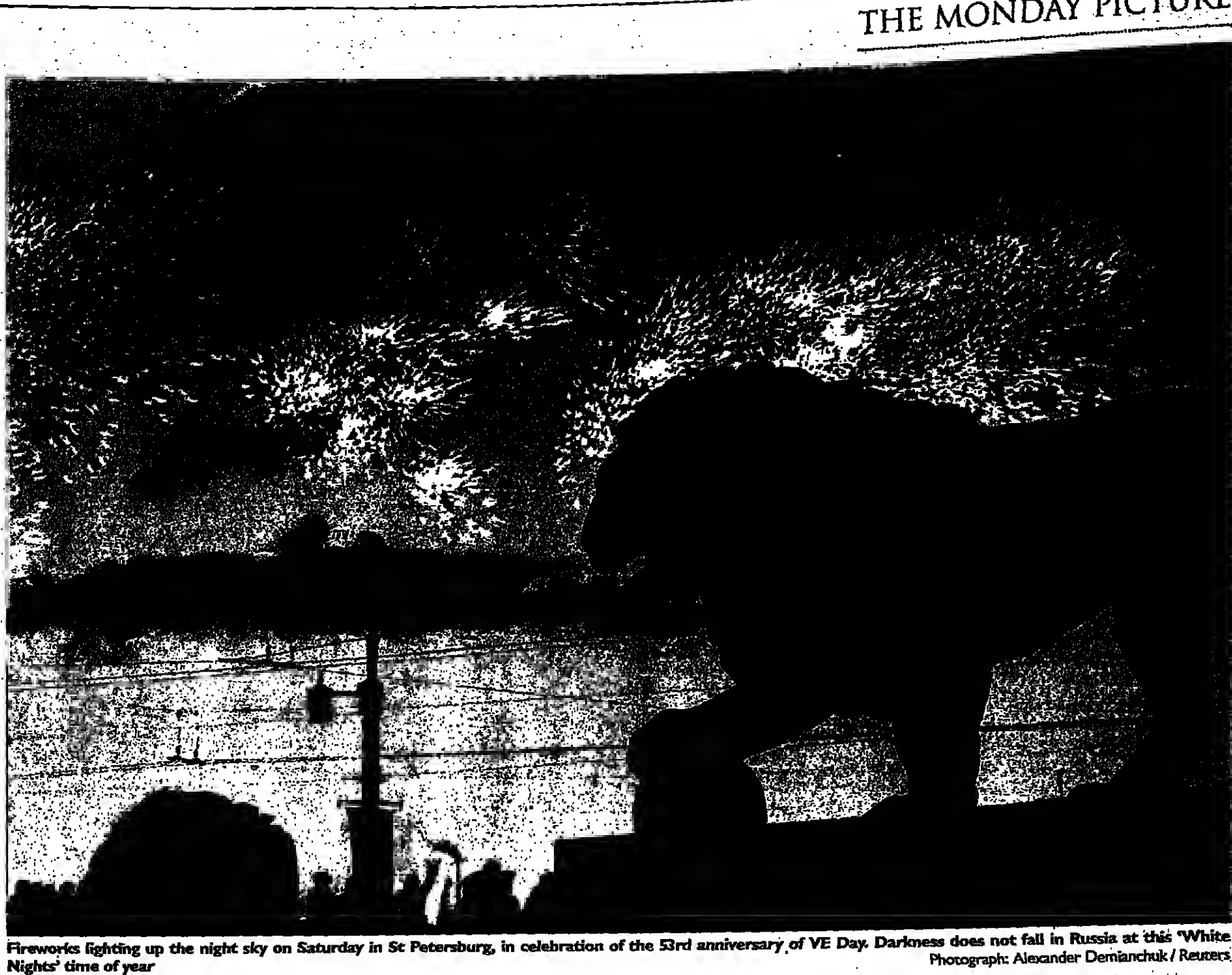
I WAS a bit surprised at the weekend while watching the most recent edition of *Have I Got News For You?*, when Paul Merton roused himself from his usual sleepy-eyed attitude of watchful torpor and waxed indignant over something that Norman Tebbit had said in the *Daily Mail*. I was surprised on several grounds. One, that Tebbit wrote in the *Mail*. Two, that Merton bothered to read it. Three, that Merton ever got worked up about things, at least on air. Most of the time he spends semi-slumped, trying to avoid eye contact with the uncooperative team partner he has been lumbered with, in this case Patrick Moore. But what had got him enlivened, even if temporarily, was a disparaging remark by Tebbit to the effect that that he didn't believe the exchanges on *Have I Got News?* were spontaneous. Tebbit had said, apparently, that the wit was so thick and fast on *Have I Got News?* that a lot of it was prepared in advance. Merton pulled a long face at this, said

something disdainful and then said: "That was live! That was actually an ad lib!" and everyone dutifully laughed. I find this all a bit odd. What Tebbit wrote was actually a compliment. He said the programme was so funny it must be scripted. To say that something is scripted is not an insult. Maybe it is slightly insulting if the people on the programme are pretending it's impromptu, but plenty of programmes which pretend to be impromptu are clearly pre-planned (*Blind Date*, *I'm Sorry I Haven't A Clue* and so on - good heavens, even on the old *Gardeners' Question Time* the experts were given advance sight of the questions). No wonder we use the expression "off the cuff" to mean "genuinely spontaneous" when it actually means "written down on your cuff in advance". Perhaps we cannot tell the difference any more. What is also odd is that Merton should feel offended by what Tebbit wrote in the *Mail*, which was pure supposition, but not, apparently, by what Boris Johnson has writ-

ten in the current *Spectator*, which is first-hand and much more condemnatory. Johnson, the *Telegraph* columnist, was a guest on *Have I Got News?* recently, and was given something of a going over by Ian Hislop over some long-forgotten episode with Darius Guppy. Johnson, however, let this pass (as he would have been wise to do on the programme) and concentrated his amazed wrath on the amount of preparation that goes into the supposedly unrehearsed programme, preparation which he had actually observed and not, like Tebbit, merely suspected. Johnson seems never to have done any television before, as he was amazed by the amount of retakes that had to be done, the amount of supposedly off-the-cuff stuff that Angus Deayton read from autocue, the time it took to film enough stuff to make half an hour, the drudgery to which the audience is subjected. This is all pretty normal for TV. But what especially disturbed Johnson was how little chance they were giv-

ing to do anything ad lib: "Two hours beforehand we were shown the questions. We were shown all the sequences, the odd-man-outs, the headlines, the lot. We were allowed back to our dressing rooms to collude. Yes, Paul Merton and Ian Hislop, those demigods of the tart rejoinder, go into that show with their lines spread in front of them - pages of stuff - as if entering a scripture exam with lists of the *Kings of Judah* in the shirt-sleeves..." If this is true, and I can't see why it shouldn't be, then it seems a little odd of Paul Merton to get worked up during the programme about accusations of not ad-libbing, or even to mention them. *Have I Got News?* is clearly presented as a spontaneous, unprepared programme. It is equally clearly reliable sources that some comedians have not only been shown the questions in advance, but have brought their own scriptwriters with them in order to work up topical jokes for

them. If the result is good, does it matter? There is, oddly, a parallel to Paul Merton's denial of pre-planning and pre-scripting. No, not the Carlton TV Columbian drug thing. It is Robin Cook's denial of pre-knowledge of a Sierra Leone arms deal. I feel instinctively that the man on Radio 4's *Broadcast House* was right when he said that whether or not the Foreign Office was doing a good job over Sierra Leone and backing the right side - and they probably were - it was correct for Robin Cook to claim ignorance of the whole thing, though he almost certainly was in touch. So there we have it. Paul Merton is the Robin Cook of comedy. Or is Robin Cook the Paul Merton of foreign policy? To put it another way, one is as unlikely to say, "Yes, I knew all about the arms deal in advance and I think we did the right thing" as the other is unlikely to say, "Yes, I knew all about the questions in advance, and I think I made up the right jokes."



Fireworks lighting up the night sky on Saturday in St Petersburg, in celebration of the 53rd anniversary of VE Day. Darkness does not fall in Russia at this 'White Nights' time of year. Photograph: Alexander Demianchuk / Reuters

### Protecting our children

Sir: Banning a convicted child sex offender from attending any church services in the diocese of Sheffield ("Churches close their doors to paedophile", 8 May) will not provide adequate protection for children.

This solution suggests that the only risk is from those who have already been convicted: it fails to address the possible danger posed by others who have not yet been found out, or who have not yet assaulted children but may do so in the future. Acting after the crime has been committed is no substitute for a preventative approach to child safety where working practices, procedures and safeguards are established to ensure children are routinely protected.

Most people who sexually abuse children use manipulation and coercion rather than physical force, and exploit the social power which adults necessarily hold over children. In the church context, as in any other, the best protection we can offer children is to equip them with the social skills to deal with situations in which they feel deeply uncomfortable or threatened, and to seek adult intervention. This is not an easy task, but it has to be faced.

Finally, of course, one should not underestimate the challenge which such offenders present to any concept of forgiveness. Of course the Church of England would be wrong to employ this individual in a role where he had access to children, but excluding him from a community of faith and denying his right freely to celebrate his religion surely reduces rather than enhances his opportunities for reflection, repentance and rehabilitation. LIZ PARRATT, *Liberty*, London SE1

### Role of the monarchy

Sir: The Extra Chaplain to the Queen may have a couple of kangaroos loose in the top paddock. The "five process" to which Canon Eric James refers ("Is it now time to elect

the monarchy?", 8 May) of "Australia becoming independent of Britain and free of the monarchy" actually happened on 1 January 1901, following two referenda which were a trifle more defining than the one held in London this week.

The Australian constitution was written with a view to having an absent sovereign. Indeed the sovereign did not come near us for our first 54 years. When the Queen intended visiting in 1954, it was realised that the constitution had so effectively stripped the British monarch of all powers that she was unable to perform any of the formal functions we had requested of her.

Heads of state live in their own countries and are paid, housed, secured and fitted in their own countries. They have a hands-on, day-to-day role in their own governments and they represent their own countries when they travel overseas. The British monarch does none of these things for Australia, and Australia has never paid taxes or tribute to Britain.

The Queen is our sovereign, not our head of state. She reigns but does not rule over us. Her sole remaining function in Australia is to appoint or remove our Governor-General on the advice of our own democratically elected prime minister. Most of us regard this as a congenial reminder of our remarkable constitutional development. GLENISTER SHEIL, *Leader, Queenslanders for a Constitutional Monarchy*, London SW1

Sir: It is not monarchy which is a lottery, but republicanism. An American journalist told me recently that not only could she not predict who the next US president might be, she couldn't even name the candidates. Britain's next head of state, on the other hand, has been trained for his

future role from birth. I know which system I prefer. W DENIS WALKER, *London E4*

Sir: Ben Pimlott suggests (article, 9 May) that a referendum on the monarchy at the end of a reign might be a good idea. Surely, then, republics should offer their people the chance to restore a monarchy at the end of a presidential term? BEATRICE STEMPE, *Tonbridge, Kent*

Sir: Ann Widdecombe criticises the Church of England for "failure to concentrate on the spiritual, and having an eternal desire to interfere in politics" (report, 9 May). I can't believe she can have read the New Testament thoughtfully, for there every sphere of our lives attracts the scrutiny and comment of our Lord. Does she suppose he was crucified for his "spiritual" attitudes and comments? The Rev Canon PAUL GODDARD, *Pobruan-by-Fowey, Cornwall*

Sir: Canon Eric James, 73, mentions abdication as an honourable option for the monarch as old age encroaches. Might one not therefore respectfully suggest that, as a senior clergyman who officially retired three years ago, he avail himself of this option and withdraw from public controversy gracefully and noiselessly? The Rev Canon SIMON BLOXAM-ROSE, *Street, Somerset*

Sir: The reaction of the Palace to Canon Eric James's reasoned and reasonable analysis ("Palace drops hint that chaplain should resign", 9 May) was all too predictable. "It's not our affair, ni rien oublier", as Talleyrand said of the failing Bourbon dynasty. W R HAINES, *London SE27*

## LETTERS

Post letters to Letters to the Editor and include a daytime telephone number Fax 0171 293 2056; e-mail: letters@independent.co.uk E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

### Rise of the super-class

Sir: Most parents want their children to have the best possible start in life. The moneyed classes have been able to send their children to the best private schools, give them the best material, and provide the best social, political and economic networks. Now they will be able to give them the best genetically engineered body possible ("Designer baby fears after 50 screened births", 7 May).

We can expect a small group of super-people with altered genes to claim their right to rule because they are genetically superior and rich. I am certain that this new technology will be used to enhance social prejudices. How can the rest of society - the vast majority - ever compete? SPRUNGER, *Ottawa, Canada*

### Apathy at the elections

Sir: For last week's local elections, in my ward, only one of four candidates bothered to announce themselves to the electorate. It would be difficult to vote for someone without even knowing their name, much less what they would support and oppose. Apathy on the part of the electorate is hardly surprising in the face of such apathy among the candidates. ADRIAN WILSON, *Basingstoke, Hampshire*

Sir: On what evidence can Susan Esterson (letter, 9 May) write that "most people who voted 'No' did so because they would end up paying out more money for bureaucracy"? I was one of the 478,413 who voted "No". The reason? I wanted to see a democratic London authority. Unfortunately, the Government's proposals will give us the opposite. LEN ALDIS, *London E3*

### Floods in Venice

Sir: I would agree with Rafael Bras (letter, 2 May) that inaction endangers the city of Venice, but let us not adopt the wrong solution simply because that solution is - unwisely - enshrined in Italian legislation.

The proposed flood gates will have to close much more frequently in the future than now, given sea level rise. That closure will hinder navigation, and create a major pollution hazard. So those issues will have to be tackled, and solved.

But if we can tackle and solve those problems, for example by moving the port traffic elsewhere and sewerage Venice, let us begin to plan to do so now. In the meantime we can solve 90 per cent of the flooding problems with the small-scale flood works that are being constructed.

Then the gates will only prevent damage from the rarer large floods, which will in any case be less serious now than in 1966, because Venetians have moved upstairs. But their cost is excessive for this role: no rational comparison of costs and benefits would lead to their implementation.

What Venice needs is a broader perspective and an enduring solution. It is inevitable that the lagoons will have to be isolated progressively from the Adriatic but this needs a permanent scheme, not movable gates. Until now the gates have been seen as "the only solution". They are not. EDMUND PENNING-ROWSELL, *Professor of Geography, University of Middlesex, London N11*

### Out of the frying pan...

Sir: I too am a football-loathing male seeking to escape the World Cup. If Lucy Maurice (letter, 8 May) would care to join me during the appropriate period she will be assured of good (home-cooked) food, fine wines, excellent conversation... and Test Match Special. EDWARD HERITAGE, *Quinton, Buckinghamshire*

## How to get ahead in broadcasting: look at the questions in advance



## Wanted: a defender for Whitehall's wily ways



DAVID WALKER  
CIVIL SERVANTS AND  
SIERRA LEONE

THERE is a guilty politician at the heart of the arms to Sierra Leone affair.

Yet the woman concerned, Baroness Symons of Vernham Dean, stands accused not for anything she may or may not have done in her role as Foreign Office minister in the Lords.

Her sin stems from her previous incarnation as leader of the top civil servants' union, the First Division Association. What Liz Symons, as she then was, did not do was say - publicly - that the shock-horror response to the conduct of civil servants as described in the Scott inquiry into arms for Iraq was entirely misplaced. All the judge did was characterise Whitehall's commo culture. That's how it is in the upper branches of the great oak of state. They sit there, on her shelves, the many volumes of Scott, and all their analysis of what it is that civil servants do has ever once been registered as accurate - and appropriate - by those responsible for tending the ethic of public service.

It's not just her, of course. Those same volumes also squat on the shelves in the masters' lodging at University College, Oxford, to which by Establishment magic Cabinet Secretary Robin Butler was translated on his retirement last year. Where was his programmatic statement to follow the Scott report on arms for Iraq?

His successor as head of the civil service, Sir Richard Wilson, is supposed to be considering another Scott finding, about the dead-weight of departmentalism in modern British government - something Tony Blair desperately needs to break down if his cross-cutting social policy initiatives are to have a chance of success. But Sir Richard has turned out to be a maverick on public speeches, so presence among his colleagues who, following their ministers, deal daily ever deeper in their departmental fiefdoms.

Labour has inherited a civil service without a soul. Officials applauded Tony Blair's triumphal entry into Downing Street. They told themselves this was the democratic system working well, alternating governments just as in the old days. Yet they know a host of profound questions about management and responsibility raised during the 10 years need answering, still. The official doctrine - from Eighties Cabinet Secretary Sir Robert Armstrong - that they are the mere creatures of their ministers, doing what they are told and no more was and remains one of the most callow and ineffective statements of their purpose and culture.

Already the Sierra Leone affair offers two

lessons. The first - bad omen for all those (T. Blair included) who want maximum coordination and coherence across the face of government - is that our system is remarkably plural and veers towards the anarchic. Departmentalism does rule OK.

Here we have HM Customs and Excise, a department within the Treasury but one with its own legislative existence and remarkably strong *esprit de corps*, investigating the conduct of fellow officials in the Foreign Office. It is highly unlikely the Chancellor of the Exchequer was told what Customs were doing. Is that a testimony to the political naivety of Valerie Strachan, Customs' head, or ringing endorsement of her independence? Responses so far, including public puzzlement that one group of civil servants can so embarrass another, suggest that somebody in a high place needs urgently to set out the rationale for government's internal diversity.

The second revelation entirely confirms the finding of Sir Richard Scott that throughout Whitehall, but especially in the Foreign Office, a cavalier attitude towards parliamentary reporting prevails. Conventional wisdom, especially of the kind cultivated by backbench MPs who are too lazy to find things out for themselves or equip the House of Commons with proper investigatory powers, says this is disgraceful.

A more considered response is that highly-paid, clever civil servants working within the bounds of policy (however lightly sketched by their ministers) ought to be allowed an arena of discretion in which to work. Does that amount to "private" policy making? Well, so much of policy is actually made by triangular agreements between interest groups, ministers and officials with the press and Parliament as occasional bystanders. Is that really contempt of democracy?

It is - but only because one in power ever stops to defend a more sophisticated, subtle conception of power in our kind of society. Perhaps the British newspaper press being what it is, such "Machiavellianism" is impermissible. But the effort needs to be made.

It would certainly help if the Prime Minister were capable of articulating the idea that full transparency, total parliamentary accountability just don't work. But that does not mean the end of democracy. It means creating political space in which discretionary action by officials is supported. It is striking how, in his project for constitutional modernisation, Mr Blair has so far had nothing at all to say about the place of public servants in the new order, let alone what their ethic should look like.

We live, these days, in a Defargist political culture - somebody's head has got to roll before the political spectacle is declared over. There may, in the Sierra Leone case, have been mistakes made which deserve censure. More likely events can be explained by reference to a conception of power-holding and civil service which embraces a degree of discretion on the part of officials. Is it wrong - do we want senior civil servants to behave like clergies who get ministerial signatures on every piece of paper and tell MPs everything in every way? If we do, let's have that said and Cabinet Secretary and First Division Association make public professions that they are only there to do as they are told, never to think for themselves. Until then, let's not mistake worldly exercise of state power in practical situations of great complexity for some plot to usurp popular decision-making.

## How many more will die hungry before United Nations rules are changed?

RICHARD DOWDEN

FAMINE RELIEF  
IN SUDAN

HERE we go again. Starving Africa pictures on television. This time in Sudan - again. Hundreds of thousands of people, maybe a million, face starvation. And here, in the next frame, are the aid workers telling us how bad it is but how, with our help, they can save lives. Bob Geldof is back in business, too, suggesting that the Red Cross send an expeditionary force of aid workers to solve the problem. In the newspaper the aid agencies use the most ghastly picture of hunger as advertisements to press home their pleas for money.

Once again the circle is complete. The aid agencies call the television stations, give them free lifts to the hunger zone and tell the story. We watch, our hearts are touched and the aid agencies recoup their efforts and expenses in a fund-raising appeal. A benign circle? It seems like one but for the lack of an answer to this question: are the television stations and the aid agencies telling the whole truth about this famine?

No. The famine in Sudan is in one province, Bahr el Ghazal and it has been caused, quite deliberately, by one man, Kerubino Kuanyin Bol.

Bahr el Ghazal has been in the front line of the north-south civil war in Sudan for 15 years. It was already sinking below subsistence level. Last year Mr Kerubino, a rebel commander from Bahr el Ghazal, defected to the side of the Sudanese government. With its blessing he spent the rest of the year razing his own region, killing hundreds of people and stealing their cattle, food and seed corn. His savagery forced thousands more to flee from their homes with only what food they could carry. Then in February this year when the survivors most needed food aid and seeds to plant for this year's harvest, the Islamist government in Khartoum refused the United Nations permission to fly to Bahr el Ghazal. The ban lasted two months. The result - famine.

Kerubino, nicknamed "the Foot" in Bahr el Ghazal, meanwhile changed sides again, largely because he was not given a sufficiently important title



Relief operations intended to save them may be complicit in their plight Reuters

by the government. He has been welcomed back by the rebel movement, the Sudan People's Liberation Army, SPLA, though in Bahr el Ghazal, not surprisingly, they want him dead.

The UN and the aid agencies were aware last year of the depredations of Kerubino and new that the flight ban by the Khartoum government would probably mean a lot of people would starve. But in Sudan the UN's humanitarian operation, known as Operation Lifeline Sudan, operates only by agreement with both the Khartoum government and the SPLA. Under the agreement drawn up in 1991 between the UN, the government of Khartoum and the rebels, the UN and aid agencies working under its umbrella, must have permission from both sides before they can

move a grain of food to a starving village. Every single aid flight, its destination, exact content and personnel accompanying it are subject to inspection - and so the whim -

**The UN is reduced to a puppet being jerked around by both sides**

of government and rebels, including of course Mr Kerubino and his ilk.

The main aim of both sides is to direct as much food aid as possible in the direction of their own troops and as little as

possible to areas where the other side might benefit. The UN is reduced to a puppet being jerked around by both sides having to balance the provision of real need to an area on the one side with a dubious delivery to the other. The government is worse at imposing restrictions on Operation Lifeline Sudan than the SPLA but both armies help themselves to UN aid. To this extent the UN and the aid agencies have fed this 15 year-long war.

If the price for this was that the civilians in Sudan were also fed, it would be worth paying but they are not. Worse, the rules of Operation Lifeline Sudan prevent the UN telling the truth about the causes of starvation and the truth about people like Kerubino. When he was laying waste to Bahr el Ghazal the UN was silent. In

February the government's ban on food aid to Bahr el Ghazal was mentioned only twice in UN publicity and only as a "cause for concern", hardly the sort of language to create the scale of outrage needed to create international pressure on the Khartoum government to get the ban lifted. Only now when the Khartoum government sense bad publicity from pictures of starving people does it choose to allow the UN to make more flights into South Sudan. And the reaction of the UN? An unctuous thank-you to Khartoum for its "timely approval".

Operation Lifeline Sudan, now nine years old, has failed to deliver food when and where it was needed even though it knew famine was developing. Unlike some, I am not one of those who believe that the aid business looks after its own interests by deliberately waiting till people start dying before they bring in the cameras. But I do believe that in South Sudan, Operation Lifeline Sudan is in danger of complicity in famine.

So why doesn't the UN just tear up the book of rules, ignore the Khartoum government and the rebels and fly food when and where it is needed, daring the government to shoot the planes out of the sky? That is what some small aid agencies operating outside the Operation Lifeline Sudan do, and they find pilots and companies willing to risk their lives and planes to do so. Not one has been shot down so far.

The problem is national sovereignty. UN rules insist that the authority of the Sudan government is respected even though it has not ruled some of those southern regions for 15 years. It is clear now that they never will again. Whether or not the south splits off as an independent state, the Arabised Muslim north will never again be able to dominate the south.

That makes Sudan a "failed state" and until a new dispensation is sorted out, the UN should regard it as such. It should reject the "sovereignty" of the Khartoum government outside areas it does not control. Instead it should mandate its aid agencies to intervene for humanitarian purposes whenever and wherever necessary.

A more determined UN which spoke truth and recognised reality instead of diplomatic niceties might also find donors more willing to provide the funds it desperately needs.

The author writes for The Economist.

## Pop won't make a perfect summer for the Prommers

David Lister says  
the BBC needs  
Barenboim's baton  
more than  
Bob Marley's beat

SHORTLY before he retired as director of the Proms, Sir John Drummond fired a broadside at the rowdy element among fans of the summer concert series - those who shouted out silly rhymes, made an exhibition of themselves and generally showed a lack of respect for great music performed by the world's most famous ensembles. He didn't have in mind his

successor, Nicholas Kenyon. But the man in charge of both the Proms and BBC Radio 3 has a curious way of publicising such a sustained concentration of symphonic and chamber music.

When booking opens next week the biggest attraction, to judge from press reports let alone the Proms' office, will be the songs of Bob Marley and a Yank singing Rule Britannia. Last year Mr Kenyon's big sensation - as per the advance publicity - was a performance of the music of John Lennon and Paul McCartney.

So the event Beethoven won't be turning in his grave. All that happened last year was that the King's Singers performed a few Beatles tunes at a late night concert - Ringo did

not turn up. All that will happen this year is that in another late night concert Black Voices, an unaccompanied female outfit, will sing some protest songs, including a few Bob Marley numbers. As for the American, it's the baritone Thomas Hampson, a well-known figure on the international opera circuit, whose main purpose on the Last Night is to sing a medley from George Gershwin.

Even so, the inclusion of the Beatles and Bob Marley at the Proms is a bad idea. Primarily because audiences are not getting the Beatles or Bob Marley. Their songs are being filtered through acceptable and respectable ensembles, which won't attract rock fans who want the rawness of the originals.

But nor are they expected to attract classical music lovers. The fact that Mr Kenyon has again programmed his pop pastiche late at night demonstrates he doesn't really see it as part of the Proms series proper.

So why about about it? Why is the BBC publicity machine encouraging national newspapers (with some success) to write stories about it? The only possible answer is that the people who run the Proms have lost faith. They no longer have sufficient confidence in the very *raison d'être* of the festival - classical music. Music, good music, it seems can't be trusted to make oews.

So we have the absurd paradox that for the second year running middle-of-the-road

pop music is used to sell a festival that has a superb array of new commissions, world premieres, exciting soloists, a day-long event based on choral music, family concerts and Proms in the Park.

Interestingly, in Mr Kenyon's own foreword to the Proms' brochure there is no mention of Marley. He is right - more excited about visits by the Chicago Symphony Orchestra with Daniel Barenboim, the Berlin Philharmonic with Claudio Abbado, and the Los Angeles Philharmonic with Esa-Pekka Salonen.

Wouldn't it be refreshing if he announced them as the "story" for the Proms this year. Barenboim and Abbado are going to be of far more interest

to the people likely to book tickets than Bob Marley. Perhaps Mr Kenyon is a creature of a system. He has not had the easiest time adapting Radio 3 in the face of Classic FM. Yet here is an expert former music critic as well as an informative, entertaining and didactic authority. Instead of displaying a faint but unworthy unease about classical music by forever trying (and failing) to "liven it up" with pop references, the BBC should make greater use of Kenyon's enthusiasm.

He should be out there propagandising and persuading, telling us about the themes running through the Proms, what qualities Barenboim brings to the podium and what is the special brilliance of the British choral tradition.

Wouldn't it be refreshing if he announced them as the "story" for the Proms this year. Barenboim and Abbado are going to be of far more interest

to the people likely to book tickets than Bob Marley. Perhaps Mr Kenyon is a creature of a system. He has not had the easiest time adapting Radio 3 in the face of Classic FM. Yet here is an expert former music critic as well as an informative, entertaining and didactic authority. Instead of displaying a faint but unworthy unease about classical music by forever trying (and failing) to "liven it up" with pop references, the BBC should make greater use of Kenyon's enthusiasm.

He should be out there propagandising and persuading, telling us about the themes running through the Proms, what qualities Barenboim brings to the podium and what is the special brilliance of the British choral tradition.

Wouldn't it be refreshing if he announced them as the "story" for the Proms this year. Barenboim and Abbado are going to be of far more interest

### Vanity Publishing

THE cover of the latest issue of *Vanity Fair* screams "The German Assault on US Publishing". Pandora was amused. Is *Vanity Fair* owned by Si Newhouse, the same American billionaire who sold off Random House last March for \$1.4 billion to the Germans at Bertelsmann AG? Yes indeed, but the VF article devotes only a few lines to the Random House sale while concentrating on Bertelsmann's much smaller German rival Dieter von Holtzbrinck, owner of UK publishers Macmillan, several US publishers and *Scientific American* magazine. The VF article contains fascinating ironies, including a quote from Holtzbrinck's corporate spokesman that slaps off Bertelsmann as being "a very money-minded company" as opposed to Holtzbrinck's "cultural interest in protecting literature". So exactly what was Si Newhouse protecting when he "surrendered" to the "German assault" and made a fortune selling Random House - a corporation that includes venerable British publishing names like Jonathan Cape, The Bodley Head and Chatto & Windus?

John's Bull

PUTTING his taste buds on the front line, Junior Defence Minister John Speller asked an MoD chef to whip up a very private beef lunch for him a week ago. The meat was drawn from frozen EU intervention stocks, which the Government is keen to purchase to feed our troops. Supposedly un-

### PANDORA

tainted by "mad cow" disease, intervention beef stores are maintained by the EU to support price levels. Bulk frozen beef is apparently hard to find in Britain; the MOD buys huge quantities from Argentina. But Pandora wonders if the squaddies will accept their British steaks as completely safe and CJD-free? Oh well, John Speller found the bull delicious.

### Night and Day?

BLACK and white? Hot and cold? Pandora cannot find a metaphor to adequately portray the distinct contrast between two recently-resigned Whitehall PR flacks. Andy Wood, the former Northern Irish Office public relations officer, wasted no time after his departure before selling his attack on Mo Mowlam to the *Sunday Times*. Meanwhile, Sheila Thompson, who resigned from Lord Irvine's service recently, has turned down several fat tabloid offers to savage Derry.

Home Alone

THE only British pilot to fly with the Israeli air force in their 1947 war for independence, Gordon Levett, 77, returned to celebrate Israel's 50th anniversary last week. The ex-RAF WWII squadron leader, who is a gentle, had flown German-designed Israeli Messerschmitts on bombing

missions with a squadron that contained today's Israeli President Ezer Weizman. "I still feel more at home here in Ben-Gurion Street," told the *New York Times*, "do in England walking down my way, I helped build this country."

### Harriet's Hint

IN KEEPING with the Government's obsession with "presentation", Harriet Harman has put her foot down about a mailing to 500,000 single mothers set for June 15th. Harriet is concerned that her plea to join the "New Deal for Lone Parents" will be ignored if it arrives in the usual brown Government wrapper. Thus the official letters will be in lilac envelopes.



### £10 helps set bears free

In India, tiny bear cubs are stolen from their mothers to become 'dancing' bears. This bear's sensitive nose was pierced and a coarse rope forced through the hole. Now he has to dance for hours with raw, bleeding feet, in the agonisingly hot sun, terrified by the crowds and traffic.

WSPA rescues bears and takes them to sanctuaries where they can live as natural a life as possible. But we can't carry out our work without the support of people like you. Your gift of £10, or whatever you can afford, will help save animals' lives. Please send your donation today.

Yes, I want to save animals' lives!

Please fill in your details below.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_

Here is my donation of £ \_\_\_\_\_  
(Please make cheques payable to WSPA or complete the credit card details below.)  
Visa/MasterCard/Amex/Discover/Debit/CharityCard

Card No. \_\_\_\_\_  
Expiry date \_\_\_\_\_ Switch issue no \_\_\_\_\_ Today's date \_\_\_\_\_

Signature \_\_\_\_\_  
☐ Tick here if you would like a free information pack.  
Please send this completed form, and your donation to: WSPA, Dept AL552,  
Freepost W52954 Northampton, NN4 6BP.  
No stamp is needed. THANK YOU!  
Reg Charity No. 282508

**WSPA**  
Wild Sanctuary for the Protection of Animals







# Why the mid caps have a spring in their step

## THE WEEK AHEAD



DEREK PAIN

AS blue chips dilly and daily, the stock market's supporting shares, ranging from £2bn-plus groups to the tiddlers unable to muster a £1m capitalisation, are enjoying a spring-time romp.

There is a growing feeling in some quarters that Footsie may have already achieved its highest level of the year. But the rest of the market is stretching to new peaks and there is confident talk of yet more high ground being taken.

Richard Jeffrey, strategist at Charterhouse Tilney, says "in all probability" Footsie has peaked. He observes: "On both sides of the Atlantic clouds are looming. The odds on an increase in US interest rates are rising steadily and a further tightening remains probable in the UK."

"While not catching the markets entirely off-guard, such action will mark the end of the positive phase of the economic and stock market cycles."

Robert Fleming Securities is

one banking on non-Footsie shares continuing to outperform. It believes the mid cap revival is "well placed".

Mid caps, as represented by the FTSE 250 index, for long lumped behind Footsie, only starting to challenge the gap which opened up towards the end of last year.

This year they have enjoyed remarkable strength, often outperforming their peers.

Fleming says earlier mid cap rallies were "underrated by negative earnings performance, and they failed."

"However the last year has seen a different story, earnings are rising strongly relative to Footsie but the price relative has been stuck around the old lows."

"So the gap that has opened up is a more positive one for the sector. This means the FTSE 250 is now on a p/e discount to Footsie and is showing superior earnings growth."

The mid cap index closed at a 5,741.1 point peak on Friday

and the small cap also hit a record high, 2,704.6. Footsie, however, ended at 5,969.8 against its 6,105.8 high, hit in April.

Why have the second- and third-liners staged such a dramatic comeback? There are many and varied explanations.

The valuation gap opened up between Footsie and the rest has become increasingly difficult to justify and investors, particularly institutional, started shopping on the market's undercard.

Indeed the value which lurked outside the top 100 shares was illustrated by the fancy takeover prices paid for a range of companies with overseas and even domestic groups prepared to ladle out cash.

There is also the simple fact that Footsie's progress owed much to the financial sector as institutions built their weightings to accommodate the arrival of the former building societies. However with

rumours of mega financial bids failing to become reality the sector has since faltered.

Still one financial merger which did materialise was on the insurance pitch, with Commercial Union getting together with General Accident to create CGU and not, as some wags suggest, Commercial Accident.

The CGU constituents are among the blue chips on this week's profits schedule. They will not have a particularly happy profit tale to relate when they report their first quarter profits.

CU is expected to post an operating profit around £60m, down from £102m in the same period last year. GenAcc should produce £45m against £114m. So combined profits will be more than halved.

The two will have suffered heavy hits from storms in the US and Canada and fierce competition in key markets.

The £15bn merger, although cleared by the Eurocrats of Brussels, is not due to be completed for some weeks.



Still, merged groups which initially opt for initials have been known to suddenly produce a draft name. Witness Grand Metropolitan and Guinness. Originally it settled for GMG Brands only to spring Diageo on an unsuspecting market.

The CGU constituents are among the blue chips on this week's profits schedule. They will not have a particularly happy profit tale to relate when they report their first quarter profits.

CU is expected to post an operating profit around £60m, down from £102m in the same period last year. GenAcc should produce £45m against £114m. So combined profits will be more than halved.

The two will have suffered heavy hits from storms in the US and Canada and fierce competition in key markets.

The £15bn merger, although cleared by the Eurocrats of Brussels, is not due to be completed for some weeks.

However, the two groups are already taking in some of the trappings of the merger by holding joint analysts and press meetings.

Body Shop International should indicate profits progress after three indifferent years. The market expects around £38m which would compare with £31.7m.

If such hopes are realised it will represent welcome relief for the hard-pressed environmentally aware cosmetics group. In March its dismal share performance resulted in it being relegated from the mid cap index. Six years ago the shares were riding at an exotic 370p. By March they had fallen to 111p. On Friday they were trading along at 119.5p, capitalising the group at £230m.

Like so many other British groups, Body Shop has suffered in America. A disastrous foray by cost it dear, not only in balance sheet terms but in market sentiment. Earlier this

year the man called in to revive the 290-shop chain quit after just 17 months in the job.

Founders Anita and Gordon Roddick have now, it seems, grasped the US nettle. They are looking for a partner to help run the operation but many suspect they may find their best course will be to retire, as gracefully as possible, from the US market. After all the Brits have had plenty of practice at being forced to surrender their US commercial ambitions.

Safeway, another struggling retailer, will produce lower profits, around £375m against £430m in the guess.

Others due to report this week include the insurance broker Sedgwick which should manage slightly lower three month profits of £40m. However the group has to contend with a £35m hit from clearing up pension mis-selling.

BOC, the chemical group, should offer half year profits of around £87m, a 23 per cent fall.

Prices are in sterling except where stated. The yield is the latest twelve months' declared gross dividend as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding extraordinary items but including exceptional items. With Prices are Bloomberg Group's. Other sources: Ex-ante - Ex-ante; Ex-post - Ex-post; Ex-ante - Ex-ante; Ex-post - Ex-post.

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

UK Base 7.25% Discount 2.50% US Prime 8.50% Japan Discount 0.50% France 5.00% Discount 4.00% Germany 5.00% Discount 4.00% Italy 5.00% Discount 4.00% Netherlands 5.00% Discount 4.00% Spain 5.00% Discount 4.00% Switzerland 5.00% Discount 4.00%

Stock	Price	Weekly	Index
Alcoholic Beverages	25.00	+0.20	100
Alco. Dist.	25.00	+0.20	100
Alco. Dist.	25.00	+0.20	100
Alco. Dist.	25.00	+0.20	100
Alco. Dist.	25.00	+0.20	100

Stock	Price	Weekly	Index
Banking	25.00	+0.20	100
Banking	25.00	+0.20	100
Banking	25.00	+0.20	100
Banking	25.00	+0.20	100
Banking	25.00	+0.20	100

Stock	Price	Weekly	Index
Chemicals	25.00	+0.20	100
Chemicals	25.00	+0.20	100
Chemicals	25.00	+0.20	100
Chemicals	25.00	+0.20	100
Chemicals	25.00	+0.20	100

Stock	Price	Weekly	Index
Electronics	25.00	+0.20	100
Electronics	25.00	+0.20	100
Electronics	25.00	+0.20	100
Electronics	25.00	+0.20	100
Electronics	25.00	+0.20	100

Stock	Price	Weekly	Index
Food	25.00	+0.20	100
Food	25.00	+0.20	100
Food	25.00	+0.20	100
Food	25.00	+0.20	100
Food	25.00	+0.20	100

Stock	Price	Weekly	Index
Healthcare	25.00	+0.20	100
Healthcare	25.00	+0.20	100
Healthcare	25.00	+0.20	100
Healthcare	25.00	+0.20	100
Healthcare	25.00	+0.20	100

Stock	Price	Weekly	Index
Insurance	25.00	+0.20	100
Insurance	25.00	+0.20	100
Insurance	25.00	+0.20	100
Insurance	25.00	+0.20	100
Insurance	25.00	+0.20	100

Stock	Price	Weekly	Index
Media	25.00	+0.20	100
Media	25.00	+0.20	100
Media	25.00	+0.20	100
Media	25.00	+0.20	100
Media	25.00	+0.20	100

Stock	Price	Weekly	Index
Oil	25.00	+0.20	100
Oil	25.00	+0.20	100
Oil	25.00	+0.20	100
Oil	25.00	+0.20	100
Oil	25.00	+0.20	100

Stock	Price	Weekly	Index
Pharmaceuticals	25.00	+0.20	100
Pharmaceuticals	25.00	+0.20	100
Pharmaceuticals	25.00	+0.20	100
Pharmaceuticals	25.00	+0.20	100
Pharmaceuticals	25.00	+0.20	100

Stock	Price	Weekly	Index
Real Estate	25.00	+0.20	100
Real Estate	25.00	+0.20	100
Real Estate	25.00	+0.20	100
Real Estate	25.00	+0.20	100
Real Estate	25.00	+0.20	100

Stock	Price	Weekly	Index
Technology	25.00	+0.20	100
Technology	25.00	+0.20	100
Technology	25.00	+0.20	100
Technology	25.00	+0.20	100
Technology	25.00	+0.20	100

Stock	Price	Weekly	Index
Telecommunications	25.00	+0.20	100
Telecommunications	25.00	+0.20	100
Telecommunications	25.00	+0.20	100
Telecommunications	25.00	+0.20	100
Telecommunications	25.00	+0.20	100

Stock	Price	Weekly	Index
Transport	25.00	+0.20	100
Transport	25.00	+0.20	100
Transport	25.00	+0.20	100
Transport	25.00	+0.20	100
Transport	25.00	+0.20	100

Stock	Price	Weekly	Index
Utilities	25.00	+0.20	100
Utilities	25.00	+0.20	100
Utilities	25.00	+0.20	100
Utilities	25.00	+0.20	100
Utilities	25.00	+0.20	100

Stock	Price	Weekly	Index
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100

Stock	Price	Weekly	Index
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100

Stock	Price	Weekly	Index
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100
Other	25.00	+0.20	100

Stock	Price	Weekly	Index
Alcoholic Beverages	25.00	+0.20	100
Alco. Dist.	25.00	+0.20	100
Alco. Dist.	25.00	+0.20	100
Alco. Dist.	25.00	+0.20	100
Alco. Dist.	25.00	+0.20	100

Stock	Price	Weekly	Index
Banking	25.00	+0.20	100
Banking	25.00	+0.20	100
Banking	25.00	+0.20	100
Banking	25.00	+0.20	100
Banking	25.00	+0.20	100

Stock	Price	Weekly	Index
Chemicals	25.00	+0.20	100
Chemicals	25.00	+0.20	100
Chemicals	25.00	+0.20	100
Chemicals	25.00	+0.20	100
Chemicals	25.00	+0.20	100

Stock	Price	Weekly	Index
Electronics	25.00	+0.20	100
Electronics	25.00	+0.20	100
Electronics	25.00	+0.20	100
Electronics	25.00	+0.20	100
Electronics	25.00	+0.20	100

Stock	Price	Weekly	Index
Food	25.00	+0.20	100
Food	25.00	+0.20	100
Food	25.00	+0.20	100
Food	25.00	+0.20	100
Food	25.00	+0.20	100

Stock	Price	Weekly	Index
Healthcare	25.00	+0.20	100
Healthcare	25.00	+0.20	100
Healthcare	25.00	+0.20	100
Healthcare	25.00	+0.20	100
Healthcare	25.00	+0.20	100

Stock	Price	Weekly	Index
Insurance	25.00	+0.20	100
Insurance	25.00	+0.20	100
Insurance	25.00	+0.20	100
Insurance	25.00	+0.20	100
Insurance	25.00	+0.20	100

Dr. Energy	544.00	+0.00	3.1	7.5	494
National Grid	368.00	+0.35	4.4	2.6	4443
Power Gen	563.00	-0.50	5.8	4.6	6025
Nuc. Energy	729.00	-3.00	4.1	0.3	4293
South Hydro	598.00	-1.00	4.9	3.5	6057
Scot. Hydro	543.00	+0.25	4.3	3.1	6258
Southam	540.00	+0.00	5.1	3.8	8046
Th. Energy Co	545.00	-0.50	2.0	0.2	4079
Western Co	594.00	+0.00	4.9	4.6	6

**Electronics**

Acad	343.50	0.00	38.00	2.5	8.2	8
...	...	...	...	...	...	...



## Utilities fight 'second windfall tax'

By Michael Harrison

GOVERNMENT plans to give utility regulators greater powers to claw back profits from the privatised electricity, gas, water and telecoms companies are running into fierce opposition.

The electricity industry is to urge ministers to abandon the proposals, warning that they are unnecessary and will increase firms' cost of capital.

Margaret Beckett, President of the Board of Trade, outlined plans to clamp down on excess profits through a so-called "error correction mechanism" in her Green Paper on utility regulation in March. The mechanism, viewed as a wind-

fall tax by another name in some quarters, would be additional to the existing RPI minus X price control formula which limits price increases to "X" per cent below the rate of inflation.

Mrs Beckett said the mechanism would be used only on very rare occasions where companies benefited from circumstances outside their control, such as a big drop in fuel costs, or where they deliberately misled the regulator.

However, in its response to the Green Paper, the Electricity Association, the body representing all the electricity distributors and generators, will warn that the proposals would increase uncertainty and

raise borrowing costs for all utilities. The proposal for an error correction mechanism was criticised at the time by the shadow President of the Board of Trade, John Redwood, who said it would leave the Government free to dip into the funds of the privatised utilities.

The idea was also questioned by one of the regulators themselves, the electricity watchdog Professor Stephen Littlechild. He said that the present system worked well and it was important that any other forms of control did not either blunt incentives to make profits or create uncertainty among consumers over future price levels.

Electricity companies are not sure what circumstances would trigger use of the mechanism since the regulated parts of the industry - transmission and distribution - are unaffected by factors such as a drop in fuel costs.

John Roberts, president of the Electricity Association and chief executive of Swalec, said: "It is not clear what the mechanism does that the existing price control formula doesn't already do. We will be asking them to withdraw it because if it is there then the regulators will also be tempted to reach for it."

The electricity industry's response to the Green Paper will also set out its plans

for a £100m levy on consumers to cover the cost of servicing poorer customers such as those on pre-payment meters. The levy would work out at £3-£4 a head and would help ensure that when the electricity market is opened to competition from this September, suppliers are not tempted to cherry-pick or discriminate against pre-payment customers who generally use less electricity and are therefore less profitable. Protecting the interests of poorer and socially disadvantaged customers is one of the central themes of the Green Paper.

Mr Roberts said the industry supported the idea of giving regulators a new pri-

mary duty to protect the consumer. But he said the utilities themselves should not be turned into a branch of the social services. It would, for example, oppose moves for companies to be required to keep a register of vulnerable customers or those in particular social or age groups such as pensioners.

The electricity industry has also recommended that the Government introduce a "small claims court" to deal with disputes between firms and the regulator. At present, if a company objects to a ruling, its only course of action is to opt for a full referral to the Monopolies and Mergers Commission.

## £3.60 pay minimum disappoints unions

By Barrie Clement and Diane Coyle

A RECOMMENDATION to the Government later this month by the Low Pay Commission that the national minimum wage be set at £3.60 an hour will attract denunciation and grudging acceptance in equal measure from both employers and unions.

One union leader, Rodney Bickerstaffe, general secretary of Unison, Britain's biggest union, said yesterday that the figure was disappointing.

Unison is seeking a rate of £4.61 under a formula that would tie the minimum to male average earnings. "Coming to the end of the 20th century I don't believe that £4.61 an hour is a lot to ask for," Mr Bickerstaffe said.

The commission, which has been deliberating for nearly a year, is also likely to exclude younger workers from the national minimum or recommend a lower level.

New ammunition for the exemption of young workers will be provided by a report due to be published next month by the Organisation for Economic Co-operation and Development.

A comprehensive study by

the Paris-based think-tank of arrangements in a wide range of countries shows that a minimum wage for young people systematically reduces the level of employment in that age group. The number of job losses depends on the level of the youth minimum.

It will report that it is not enough to maintain just a small differential between the adult and youth rates, or to apply the youth rate just to those under the age of 18. A youth rate needs to be much lower and to apply up to the early or mid-20s if it is not to cost jobs.

The organisation is also concerned about how the Low Pay Commission will uprate the minimum wage to keep up with inflation.

Ministers will allow a period of consultation on the commission's recommendations with a view to legislation in the next parliamentary session and implementation in 1999. It is expected that small and medium-sized businesses - large companies overwhelmingly pay higher rates - will begin adjusting wages long before the statutory minimum passes into law.

The Conservative Opposition and some employers will inevitably predict a wave of job

losses as a consequence of the £3.60 floor to wages. Its impact on the economy however will also depend on the degree to which higher-paid employees seek to preserve their wage differentials.

The commission's rate of £3.60 seems to split the difference between the TUC, which has called for a figure of more than £4 and a submission from the CBI which indicated that it should be nearer £3.20. While refusing to recommend a specific figure, the employers' organisation calculated that if old wage council rates, which once covered low-paid industries, were updated in line with inflation it would produce a wage of roughly £3.20, which the CBI argued would have little impact on employment.

Union leaders are expected to express their reservations in a meeting with the Prime Minister this week which is scheduled to discuss proposals on a law to enforce union recognition where employers vote for it.

Union officials calculated yesterday that £3.60 an hour - which translates into £137 for a 38-hour week and more than £7,000 a year - would mean a pay increase for 1.5 million workers.

## Ministers defied as directors' incomes soar further ahead

By Barrie Clement Labour Editor

THE MASSIVE gap between boardroom pay and the wages of employees has continued to grow, despite constant ministerial calls for restraint.

Directors are now enjoying average increases of 10.2 per cent compared with the 4 per cent growth in earnings elsewhere, barely ahead of the inflation rate.

The latest survey of earnings by the Institute of Management, which shows that even after inflation directors were 6.9 per cent better off, could resurrect government plans to enforce boardroom moderation.

The 10.2 per cent rise enjoyed by directors in the year to January compares with 7.9 per cent in the previous year. Researchers found that the typical director now earns £93,787 a year, with 27 per cent receiving more than £100,000 and 3 per cent £250,000 plus.

The highest pay is enjoyed by directors involved in insurance and pensions who are on

£102,154, a rise of 13.2 per cent. They were closely followed by boardroom finance specialists on an average £101,780 and general management administrators on £101,575.

The 1998 National Management Salary Survey, published by the Institute and Remuneration Economics, shows that the significance of bonus payments has increased. Additional lump sums now account for 17 per cent of executive pay generally, up from 15.7 per cent in 1997 and 12.8 per cent in 1995.

Roger Young, director of the Institute, said the "bonus culture" had steadily grown in British companies. "Pay is now linked to profits and performance," he said. "While Gordon Brown is right to warn about wage-related inflation, management pay increases are an indication of the success of Britain's companies and the competitiveness of UK plc."

Union leaders, however, are constantly reminding ministers that while directors and managers see their remuneration increase in line with profitability

and share performance, little of that trickles down to the shop floor. Pressure on the Government to revisit the issue of "fat cat" pay awards is increasing.

The report, based on a study of nearly 26,000 individuals in 584 organisations, shows that executive pay generally is up by 7.2 per cent compared with the previous year's 6.4 per cent and managers' earnings have risen by 6.9 per cent, up from 6.2 per cent. The survey shows that redundancies at 1.3 per cent were at their lowest level for 10 years, while 24.5 per cent of companies were experiencing recruitment problems, the highest level since 1990.

It was found that the average manager is 42 years old, earns £36,196 and has been at the organisation for an unexpectedly long period of 15 years. The average director is 48, earns £93,787 and has been with the organisation for a similar period.

Some 65 per cent of managers earn more than £30,000 a year and 29 per cent over £40,000.



What he's made of: Richard Branson gives a performance in Virgin Trains' new uniform

## Branson may float airline

By Andrew Yates

RICHARD Branson plans to float parts of his Virgin empire on the stock market to raise cash to fund his myriad business interests. The ebullient entrepreneur is looking to push ahead with the listing of Virgin's railway operations by the end of the year. Mr Branson could also look to float Virgin Travel, which owns Virgin Atlantic, his flagship airline, and could be valued at up to £1bn.

After years of eschewing the stock market, Richard Branson is poised to renew his love-hate affair with the City. He floated the whole Virgin Group in 1986, only to take it private two years later at a huge personal cost when he became disaffected with the demands and pressures that come with

performing as a public company.

Since Virgin Atlantic was formed in 1984 it has grown to become the jewel in Mr Branson's crown. It forms the main component of Virgin Travel, which made pre-tax profits of £67.5m on turnover of around £800m last year.

If Mr Branson does decide to float Virgin Travel, potential investors could be wooed by cut-price flights and holidays. The group also includes Virgin Holidays, which sells a quarter of a million package tours a year to long haul destinations in Asia, Africa and the Caribbean. It has also just started Virgin Sun, a cut price short-haul service to the Mediterranean.

A spokesman for Virgin admitted that flotation was one possibility for the travel business. But he added: "This is very much Richard's baby and the single biggest element of his business. It is pure speculation that Virgin Atlantic will be floated."

Virgin has already come under severe criticism for the performance of its rail business, which has taken over the running of the West Coast Main Line and Cross Country franchises. The business requires substantial investment to overhaul the service and introduce new tilting trains.

City observers believe that Virgin needs extra cash to fund the expansion of the business empire, especially its rail operations, although Mr Branson has denied in the past that he would have to float Virgin Atlantic to finance this growing investment.

performing as a public company. Since Virgin Atlantic was formed in 1984 it has grown to become the jewel in Mr Branson's crown. It forms the main component of Virgin Travel, which made pre-tax profits of £67.5m on turnover of around £800m last year.

If Mr Branson does decide to float Virgin Travel, potential investors could be wooed by cut-price flights and holidays. The group also includes Virgin Holidays, which sells a quarter of a million package tours a year to long haul destinations in Asia, Africa and the Caribbean. It has also just started Virgin Sun, a cut price short-haul service to the Mediterranean.

A spokesman for Virgin admitted that flotation was one possibility for the travel business. But he added: "This is very much Richard's baby and the single biggest element of his business. It is pure speculation that Virgin Atlantic will be floated."

Virgin has already come under severe criticism for the performance of its rail business, which has taken over the running of the West Coast Main Line and Cross Country franchises. The business requires substantial investment to overhaul the service and introduce new tilting trains.

City observers believe that Virgin needs extra cash to fund the expansion of the business empire, especially its rail operations, although Mr Branson has denied in the past that he would have to float Virgin Atlantic to finance this growing investment.

## Too little, too late, says Item Club Bank accused of errors on interest rates

Diane Coyle Economics Editor

THE STEAM has not gone out of the consumer boom, according to a forecast of the economy published today. The Bank of England has done too little, too late, to slow consumer spending, and the penalty will be paid by manufacturing industry as a result of the strong pound, it says.

This thumbs-down for the Bank's interest rate policy comes from the Item Club, which uses the Treasury's computer model of the economy. Peter Spencer, economics adviser, said the 1.25 per cent rise in the level of interest rates since last May had had virtually no effect on consumers because long-term interest rates and mortgage costs had fallen.

"You and I can borrow money more cheaply than Gordon Brown," he said, noting that fixed rate mortgages were currently available at interest rates of below 6 per cent. Three out of every five new mortgages are taken out at fixed rates.

In a special study of the housing market he predicts a high rise in the number of home sales, and a rise of 8 per cent in house prices this year. The report argues that the need for a further rise in interest rates could not be ruled out.

The Item report says the Bank's failure to raise rates earlier, and the Chancellor's failure to lift consumers with higher taxes, has resulted in the pound being so strong. While that has not dented exports yet, it will push manufacturing into recession, as official figures due today are likely to confirm.

Coping with the high exchange rate will result in the

loss of 5 per cent of all jobs in manufacturing, the report predicts. That will eventually translate into rising unemployment, up to 1.5 million next year from 1.3 million now, and a slowdown in consumer spending.

The burden is unlikely to be shared evenly between industries. The forecast notes that high value sectors such as pharmaceuticals and software have proved remarkably resilient since the pound started its climb, meaning low-value industries will bear the brunt of the adjustment.

This uneven picture will be corroborated by research due to be published in the Bank of England's Quarterly Bulletin on Wednesday. It shows that a handful of industries, including pharmaceuticals, aerospace, computing and electronics, account for the vast bulk of productivity improvements in manufacturing since 1970.

Their total productivity grew at rates of 3 per cent to 6 per cent from 1970 to 1992, compared with an average of 1.4 per cent for manufacturing as a whole. Just seven industries accounted for 95 per cent of the increase in the productivity of British manufacturing during this period.

The Item forecast, sponsored by the accountants Ernst & Young, predicts the balance of payments will be £11bn in the red next year. Mr Spencer said: "We now have a rudderless economy."

Gordon Brown, speaking yesterday on the BBC's *Breakfast with Frost* programme, said: "The economy will have to slow down a little to enable us to get to a path of sustainable growth, and that is what I am trying to do."

## PDFM could be sold off by SBC

by Andrew Yates

PDFM, the fund manager, could be sold off in the wake of the £33bn (£20bn) merger between Swiss Bank Corporation and the Union Bank of Switzerland.

Speculation is mounting that the combined group is likely to ditch PDFM, which is currently part of UBS, in favour of Brinson. SBC's fund management arm.

PDFM has been criticised

for its performance in recent years. Tony Dye, its chief investment officer, missed out on the surge in shares by moving a large chunk of PDFM's funds into cash and gilts after claiming the stock market looked overvalued.

However PDFM is still one of the largest fund managers in the City and is likely to attract plenty of interest from potential suitors such as Dresdner Kleinwort Benson, the German bank, Goldman

Sachs, of the US and the Dutch bank ING.

Reports suggest that SBC has already approached potential buyers for PDFM. However the merger will not be officially completed until July, and a spokeswoman for UBS said yesterday that until then the board of SBC had no authority to orchestrate a sale.

"As part of any merger all holdings will be looked at and the whole organisation will be under review," she said. "But

no decision has been taken on the future of PDFM."

Analysts believe that the marriage of PDFM, which has £60bn of funds under management and Chicago-based Brinson was always likely to run into complications.

It is not only distance that could stand in the way of an effective partnership of the two businesses. City observers point out that Brinson's different investment style and much better performance fig-

ures set it apart from its English rival. Listings compiled by the Combined Actuarial Performance Services showed that PDFM's key Managed Exempt Fund ranked a lowly 64th of 70 UK funds of its kind last year.

The sector is already consolidating rapidly. Last year Mercury Asset Management, the UK's largest fund manager, was snapped up by Merrill Lynch, the American financial giant.

### A week in the markets

#### STOCK MARKETS

FTSE 100					
Index	Close	Wk's chg	Wk's chg%	52 wk high	52 wk low
FTSE 100	5989.80	-40.30	-0.67	6150.5	4382.8
FTSE 250	5741.10	88.10	1.56	5705.5	4384.2
FTSE 350	2887.90	-7.30	-0.25	2936.7	2141.8
FTSE All Share	2819.13	-3.64	-0.13	2861.2	2106.59
FTSE SmallCap	2704.60	47.70	1.78	2885.9	2162.1
FTSE MidCap	1449.00	25.20	1.77	1430.4	1223.2
FTSE AIM	1085.40	12.70	1.17	1095.7	969.9
FTSE EURO 100	1071.59	94.12	9.42	1042.59	812.59
Dow Jones	9055.15	-91.92	-1.01	9261.81	6671.32
Nikkei	15149.00	-452.10	-2.90	20910.79	14488.21
Hang Seng	10080.39	-503.30	-4.76	16820.31	7909.13
Dax	5257.58	150.14	2.94	5442	3487.24

#### INTEREST RATES

UK Interest rates					
Index	3 month	1 yr	2 yr	5 yr	10 yr
UK	7.44	0.92	7.44	0.44	5.86
US	5.89	-0.16	5.88	-0.38	5.79
Japan	0.56	-0.02	0.59	-0.25	1.00
Germany	3.66	0.47	3.97	0.81	4.88

Bond Yields					
Index	3 month	1 yr	2 yr	5 yr	10 yr
UK	4.99	60.00	18.26	203.50	-18.50
US	6.00	4.00	15.00	272.50	-17.50
Japan	3.20	40.00	13.48	572.00	-48.50
Germany	3.60	40.00	12.95	448.50	-27.50
France	3.60	40.00	12.95	448.50	-27.50

MAIN PRICE CHANGES					
Index	Price	Wk's chg	% chg	52 wk high	52 wk low
BP	499.50	60.00	18.26	203.50	-18.50
British Airways	69.00	4.00	15.00	272.50	-17.50
Delta	332.50	40.00	13.48	572.00	-48.50
British Airways	392.50	42.50	12.95	448.50	-27.50
Thistle Hotels	197.50	20.50	12.54	448.50	-27.50

#### CURRENCIES

£/\$					
Index	Close	Wk's chg	% chg	52 wk high	52 wk low
£/\$	1.6385	-3.15c	-1.91	1.6191	0.6176
D-Mark	2.9609	-6.89c	-2.32	2.7721	0.6176
Yen	218.06	-14.09	-6.46	200.15	120.05
£ Index	103.00	-2.30	-2.23	98.80	104.10

£/DM					
Index	Close	Wk's chg	% chg	52 wk high	52 wk low
£/DM	0.6103	+1.15c	0.19	0.6176	0.6176
D-Mark	1.7711	-0.81c	-0.46	1.7976	1.7976
Yen	132.85	-10.80	-8.13	120.05	120.05

OTHER INDICATORS					
Index	Close	Wk's chg	% chg	52 wk high	52 wk low
Short Oil (\$)	14.09	-0.57	-4.05	15.85	11.48
Gold (\$)	299.85	-2.40	-0.80	343.75	155.36
Silver (\$)	6.01	-0.16	-2.65	6.75	4.75
Base Rates	7.25	8.25			

#### TOURIST RATES

Australia (\$)		Malta (lira)	
Australia (\$)	2.4841	Malta (lira)	0.6202
Austria (schilling)	19.79	Mexican (nuevo peso)	12.69
Belgium (franc)	58.20	Netherlands (guilder)	3.1746
Canada (\$)	2.2980	New Zealand (\$)	2.8972
Cyprus (pound)	0.8256	Norway (krone)	11.86
Denmark (krone)	10.82	Portugal (escudo)	206.06
Finland (markka)	6.5440	Saudi Arabia (riyal)	5.9822
France (franc)	9.4546	Singapore (\$)	2.5283
Germany (mark)	2.8311	Spain (peseta)	228.99
Greece (drachma)	489.29	South Africa (rand)	7.9799
Hong Kong (\$)	12.34	Sweden (krone)	12.22
Ireland (punt)	1.1181	Switzerland (franc)	2.3683
India (rupee)	80.01	Thailand (baht)	57.56
Israel (sheqel)	5.8160	Turkey (lira)	384.64
Italy (lira)	2791	USA (\$)	1.6038
Japan (yen)	213.97		
Malaysia (ringgit)	5.0197		

Rates for indication purposes only  
Source: Thomas Cook

هذا من الاصل





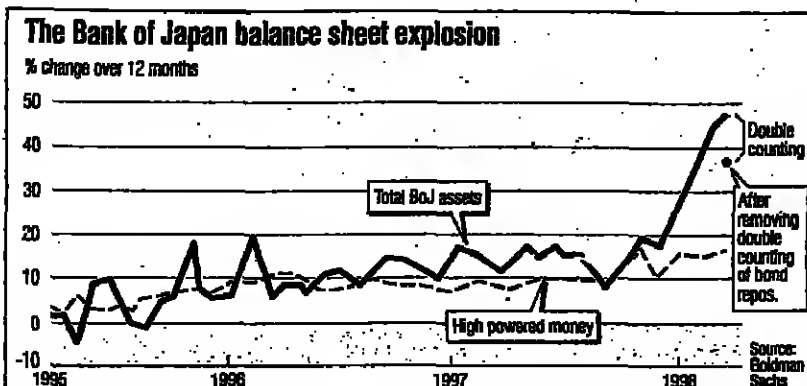
**GAVYN DAVIES**  
ON A FINANCIAL  
SYSTEM IN CRISIS  
AND HOW  
CLOSE IT CAME  
TO MELTDOWN

# The Bank of Japan threatens to start printing

THE STATE of the Japanese economy inevitably dominated the G7 economic summit held in London this weekend. Inevitably, because the world's second largest economy - it accounts for almost two-thirds of Asian GDP - now clearly stands at a crossroads. For the first time ever, the Bank of Japan appears to be on the point of attacking the problem of deflation via the wholesale printing of money.

The latest Japanese crisis started in the spring of 1997 with the extraordinary decision to tighten fiscal policy by 2 per cent of GDP despite repeated warnings from the rest of the G8 that this could cause a slump. Although this fiscal tightening has now been belatedly reversed, the damage to confidence has not been repaired. The savings ratio is on a strongly rising trend, excess inventories are rocketing, the housing sector is in free-fall, and even exports are showing signs of flagging. The economy is now entirely dependent on the boost it is getting from the fiscal injection and the weakening in the yen against the dollar. Without these factors, which together will add about 2.5 per cent to output this year, GDP would have shrunk by almost 2 per cent in fiscal 1998.

As it is, the meagre growth rate of under 1 per cent this year may well be insufficient to head off the danger of outright deflation, which will mean that the Bank of Japan could soon be grappling with the problem of rising real interest rates, even though nominal interest rates are close to zero (and bond yields are at an all-time low, for any developed economy, of 1.3 per cent). That rarest and most difficult of all macro-economic phenomena - severe debt deflation, combined with a liquidity trap in the money markets which



prevents interest rates from falling - is looming on the very near horizon.

What should be done about it? The classic policy prescription for such a situation is a direct fiscal stimulus via extra public spending, since it is difficult to stimulate private expenditure either through tax reductions or through easier monetary policy. In the context of the present Asian crisis, it is also seen by the Americans as very important for Japan to boost its growth rate by generating extra domestic demand, rather than by allowing its exchange rate to slip further. A renewed yen decline could easily tip the Chinese into a competitive devaluation strategy, which would trigger another round of contagion throughout the emerging world. It would also worsen the burgeoning trade imbalance between Japan and the US. So further Japanese fiscal stimulus appears to make the most sense.

To some extent, this is exactly what the most recent Japanese economic package involves, which is why the US has become less strident in its criticism of the Hashimoto administration in recent

weeks. However, the latest package has once again focused for political reasons on the inefficient and wasteful construction industry, which has so often in the past failed to trigger a multiplier response in the rest of the economy. Hence, international pressure is now on the Japanese authorities to introduce permanent income tax cuts, especially at the top end of the income scale, immediately after the Upper House elections in July. Mr Hashimoto has hinted that he is ready to do this, but the financing of these measures would disproportionately hit lower-paid workers. It will certainly be difficult for democratic politicians to introduce such regressive tax measures on the required scale, and the same applies to cuts in corporation tax.

This is where the Bank of Japan comes into the picture. Following recent scandals among public servants, a new board has been appointed at the central bank, and it appears to be more independent, and more willing to contemplate drastic action, than its immediate predecessors. Unlike the Ministry of Finance,

it seems ready to live with a weaker yen if this should be necessary to head off the threat of deflation. Easier monetary policy will become inevitable if the economy and equity market fail to respond rapidly to the recent fiscal package.

Perhaps this might involve nothing more than a final cut in the Official Discount Rate from 0.5 per cent to 0.25 per cent or even zero. It is not clear that this would have much effect on the economy or on the yen. However, much more drastic action - the wholesale printing of money - is clearly being contemplated. So far, this has not quite been done, despite a 46 per cent increase in the liabilities on the Bank of Japan's balance sheet in the last 12 months. Of this, about 9 per cent has been due to a distortion relating to the bond repurchase agreements which the central bank has been using to inject liquidity into the money markets this year. Of the remaining 37 per cent, the vast majority reflects the central bank's emergency actions to deal with the credit crunch in the Tokyo money markets and thus head off an outright collapse in the financial system in the last few months.

Essentially, this is what has happened. Normally, private sector banks provide liquidity to each other in the money markets, with liquid institutions providing money to illiquid institutions for the price of a credit spread. With confidence in the financial system evaporating since last autumn, healthy banks have no longer been willing to fund ailing banks, almost at any price. This has put upward pressure on Tokyo interest rates as weak banks have desperately fought for credit lines. Without a huge injection of central bank liquidity - achieved through unprecedented

purchases of long dated bonds from the private banks in exchange for cash or very short term bills - the banking system would probably have collapsed.

So far, this operation has simply prevented an increase in money market rates and has offset the shrinkage in the private interbank market. The central bank has become the counterparty to funding operations which normally would have been handled in the private sector. But it is too simplistic for the Bank of Japan to pretend, as it has been doing, that this operation is merely technical. In fact, it has provided the private sector banks with very short term dated bills worth about 4 per cent of GDP in exchange for much less liquid government bonds. This is very close to outright monetisation, and it has obviously pushed the yen lower, thus undermining the efforts of the Ministry of Finance to support the currency through foreign exchange intervention.

The next, and even more drastic, step would be for the central bank to inject cash into the banking system, instead of short dated bills. Some people on the board of the central bank have been arguing in public that this is to be done. If it were done, the monetary base would explode as interest rates dropped to zero, and the yen would collapse. Great pressure would then be put on China and other emerging currencies to engage in a policy of competitive devaluation, and the Asian crisis would face a severe second leg.

No wonder the Americans are so anxious to persuade the Japanese authorities that the fiscal alternative - large and permanent cuts in marginal tax rates - should be adopted instead. But recent history suggests they may be disappointed.

## M&S the leader in thriving department store sector

MARKS & Spencer is the UK's top department store, with a market share more than twice that of its nearest rival, according to a report by Corporate Intelligence on Retailing. M&S has 29 per cent of Britain's £10.4bn department store market, followed by John Lewis with 14.4 per cent, Debenhams with 12.8 per cent and House of Fraser with 7.8 per cent. The report says that after years of being written off as an endangered species, department stores have re-established themselves after investing heavily in refurbishments.

## Record fine for rogue trader

A RECORD fine on Sumitomo for illegal copper trades is expected to be announced today by the US Commodity Futures Trading Commission. The sum is reported to be \$150m, consisting of \$25m for customers and \$125m in penalties. Sumitomo announced in Tokyo on Friday that it had set aside nearly ¥20bn (\$149m) to pay claims on lawsuits triggered by the activities of the trader Yasuo Hananaka.

## '1,000 small banks to close'

URBAN as well as rural communities are being devastated by the closure of local bank branches, according to the Campaign for Community Banking Services. Banks are closing smaller branches and concentrating customers in fewer and bigger branches, but as high street branches close customers go elsewhere, not only for their banking needs but other purchases as well. Small shops and elderly and disabled customers are hardest hit especially in communities where public transport is poor or non-existent. According to the CCBS, 3,400 bank branches in the UK have closed since 1990 and a further 1,000 communities will be bankless by shortly after the start of the new millennium.

## Firms pressed on older staff

OWLS alone can solve the looming shortage of skilled labour when the number of young people entering the labour force starts to fall away, according to the Employers' Forum on Age. Owl is the acronym for Older Workers in the Labourforce, a private sector initiative backed by 30 leading firms and organisations, to encourage employers to make better use of older workers. Nearly two-thirds of UK employers are reporting skills shortages and the problem will become more acute as the pool of 25-34 year-old workers who employers prefer gets progressively smaller. Yet the proportion of older workers unable to get back into work after early retirement or redundancy is rising. - Clifford German

## Town tops profit league

BANBURY, the North Oxfordshire market town, has the highest proportion of profit-making businesses in Britain, according to a survey by Dun & Bradstreet. It has disposed Leamington Spa, which slipped to eighth place. Grimsby, described as the "food processing centre of Europe" stormed up the list to claim fifth spot. Lincolnshire has emerged once again as the county with the highest proportion of profitable businesses.

# Stationery Office prepares to float

By Andrew Yates

THE STATIONERY Office, formerly known as Her Majesty's Stationery Office, is planning a flotation on the stock market after a radical restructuring saw the group return to the black last year.

Electra Fleming, the venture capitalists, and the group's management team, led by Rupert Pennant-Rea, former deputy governor of the Bank of England, are likely to be in line for a large windfall when it comes to the market.

The move will add to the

controversy surrounding the sale of The Stationery Office. Its privatisation in 1996 was heavily criticised by the National Audit Office which claimed its sale had cost taxpayers £75m.

The Stationery Office will today announce it made operating profits of £13.1m last year, compared to combined losses of £50.1m in 1995 and the first nine months of 1996. When Electra Fleming took over the business in August 1996 it was on the brink of collapse and had suspended payments to its suppliers after a

re-organisation by the Conservative government almost ended in disaster.

The new owners have spent more than £60m shaking up the business, cutting 1,000 workers and slimming down its 14 business units to only two main divisions.

The Stationery Office publishes the Highway Code and Hansard. It recently purchased Whitaker's Almanack and is on the lookout for further acquisitions to strengthen its portfolio. The group is also planning an overhaul of the old HMSO retail outlets, opening

new shops offering on-line access to documents.

The Stationery Office will not be able to float this year as it has to establish a two-year profit record in order to come to the market. However it is likely to seek a listing in 1999.

The government had hoped to sell the business for £100m but in the end it fetched just £54m. Electra Fleming, which owns 56 per cent of the group, and the directors, who own 20 per cent, could be sitting on a goldmine if profits continue to improve.



Rupert Pennant-Rea: Likely to receive windfall

## Jurys expand into the UK

FIRST Irish pubs were all the rage, now it is the turn of Irish hotels, *Andrew Yates writes*. Jurys, the Irish hotelier, plans to open a chain of its three-star Jurys Inns over the next few years. Jurys opened its first in London at Islington, last month.

It offers rooms for £75 a night, undercutting many established UK chains in the capital. The group plans to open an Inn in Edinburgh this July and one in Manchester next Spring. More are likely to be opened in provincial cities as well as at other sites in London.

## Thomson at 170p

By Andrew Yates

SHARES in Thomson Travel Group, the UK's largest tour operator, will be valued at 170p, the top end of its flotation price range, after overwhelming demand from private investors.

More than 500,000 people applied for shares in the group which will entitle them to 10 per cent discounts off all Thomson holidays. There has also been strong demand for shares from financial institutions which

should ensure that the stock gets off to a good start when conditional dealings start today.

Thomson will come to the market with a valuation of £1.7bn and analysts say the shares should rise sharply. However thousands of potential investors stand to miss out. Thomson is still facing complaints from those denied shares because of administrative errors, though the group has offered to extend discounts to those who registered early.

## New sparkle for cider

HP Bulmer, the UK's largest cider maker, is to launch a multi-million-pound advertising campaign to revamp the image of Strongbow, its leading brand, *Andrew Yates writes*.

Michael Hughes, who recently joined Bulmer from Guinness as chief executive, said: "We are aiming to give Strongbow and cider more street cred. We are relaunching the product's image to appeal to 18-25 year olds."

The archer and his arrows,

symbols of the Strongbow brand for years, have not been scrapped but will not be the main feature of the advertising.

Bulmer will spend £6m promoting Strongbow over the next 12 months, a 40 per cent rise on the previous year. It will form the centrepiece of a £9m campaign to reverse the decline in the British cider market, badly hit by imports of cheap beer over the vital Christmas period. The advertisements will be shown in the second half of May.

## BUSINESS TO BUSINESS

### Business for Sale

### LIQUIDATIONS RECEIVERSHIP AUCTIONS:

200+ Liquidations and Receiverships listed every week, what they did and who to contact and commercial success

### BUSINESSES FOR SALE

Monthly list of over 100+ different businesses and property opportunities. CONTACT Tel: 01652 680889 Fax: 01652 680867

### ALL ENGLAND

Business for Sale in going concern. TO £400K-£671,500.00. Good national and export customer base. All stock, machinery and related goods and land assets. Premises available. Stock ready for summer season. 01353 666342

### Business

Business for Sale in going concern. TO £400K-£671,500.00. Good national and export customer base. All stock, machinery and related goods and land assets. Premises available. Stock ready for summer season. 01353 666342

### Franchises

### "AN HONOURABLE BUSINESS YOU CAN BELIEVE IN"

• Unique and flawless wrought iron furniture business.  
• Exclusive franchise areas available from £2,000 upwards.  
• Affordable products that are a joy and you would be proud to sell.  
• Full training and national advertising aided to ensure success.  
• High profits without limiting sales by overpricing.  
• Huge marketing potential with a range of limited editions.

### ENGLISH COUNTRY FORGES

Call Colin on 01752 783645 or 07771 625537 or David on 07771 625538

WE WANT YOU TO SUCCEED

### A SERIOUS

Long Term, High Income, Franchise Opportunity 4 year test market now completed. Proven product (No Competition) Stock, retail value £600.00. Full training and launch programme. Exclusive area (guaranteed). Full marketing support, mailings etc. Low investment from £2995 + vat. For free information pack, Call DSI Ltd.

Tel: 01132 873826

### Conferences



London's most prestigious historical venue is also its most flexible. Whether you want to hire out the whole space for a major Awards ceremony with live TV links, hold a dinner-dance with an indoor fun fair, launch a Grand Prix racing car, or organise a small select conference, a team-building exercise or a corporate funday, Alexandra Palace offers a wide range of opportunities.



### Services

### Legal Notices

### NOTICE TO READERS

What we take reasonable provisions with all advertisements, readers are strongly advised to take professional advice before paying a deposit or entering into any financial commitment.

### STICKY PRINTS

BRILLIANT SELF ADHESIVE COLOUR PHOTOGRAPHS ON AN EASY TO PEEL BACKING SHEET. Produced from negatives, photographs or slides. Express sticky prints are available in a range of 6 convenient sizes from £4.50/100. For further information and prices please call or write to: Pinsharp Photo Services Ltd, LENCIA INDUSTRIAL ESTATE, EAST PARADE, ILKEWY WEST YORKSHIRE E-mail: sales@pinsharp.co.uk Website: www.pinsharp.co.uk Tel: 01943 602128 FAX 01943 604343

### Opportunities

### ASPIRING MILLIONAIRES

Call 0181 236 4817 and just listen. (Not MLM or franchising)

### TO ADVERTISE

in this section please call the Business Team on 0171 293 2742.

### Legal Notices

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT No. 02376 of 1998 IN THE MATTER OF BRILLIO MANUFACTURING COMPANY OF GREAT BRITAIN LIMITED and IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN that a petition was on 23 April presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital redemption reserve of the above-named Company from £594,000 to zero. And notice is further given that the said petition is directed to be heard before the Companies Court Registrar at the Royal Courts of Justice, Strand, London WC2A 2LL on 21 May 1998. Any creditor or shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of the capital redemption reserve should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same. Dated: 11 May 1998 Messrs. Freshfields 45 Fleet Street London EC4A 3DF (Ref: LHM/CJT) Solicitors for the above-named Company

The UK Index-Tracking PEP

# Highest\*

\*The All-Share Tracking PEP that's charged the least, has performed the best.

PHONETIC: 0500 11 66 22

Legal & General

Small print text at the bottom of the advertisement.

## informative:

With effect from 11 May 1998 the following interest rates will apply:

High Interest Savings Account (includes all Day accounts)				
Credit Interest	Gross % p.a.	Gross GAT % p.a.	Net % p.a.	Net GAT % p.a.
£1 to £999	4.00	4.07	3.20	3.24
£1,000 to £2,499	4.75	4.85	3.80	3.86
£2,500 and over	5.00	5.11	4.00	4.07

Direct Interest Savings Account				
Credit Interest	Gross % p.a.	Gross GAT % p.a.	Net % p.a.	Net GAT % p.a.
£1 to £2,499	0.50	0.50	0.40	0.40
£2,500 to £4,999	4.50	4.57	3.60	3.64
£5,000 to £9,999	6.75	6.92	5.40	5.61
£10,000 and over	7.00	7.18	5.60	5.71

Small print text at the bottom of the advertisement.

CCPS REMOVED LEGALLY Money back guarantee. Tel: 01709 022 0327

Opportunities

ASPIRING MILLIONAIRES Call 0181 236 4817 and just listen. (Not MLM or franchising)

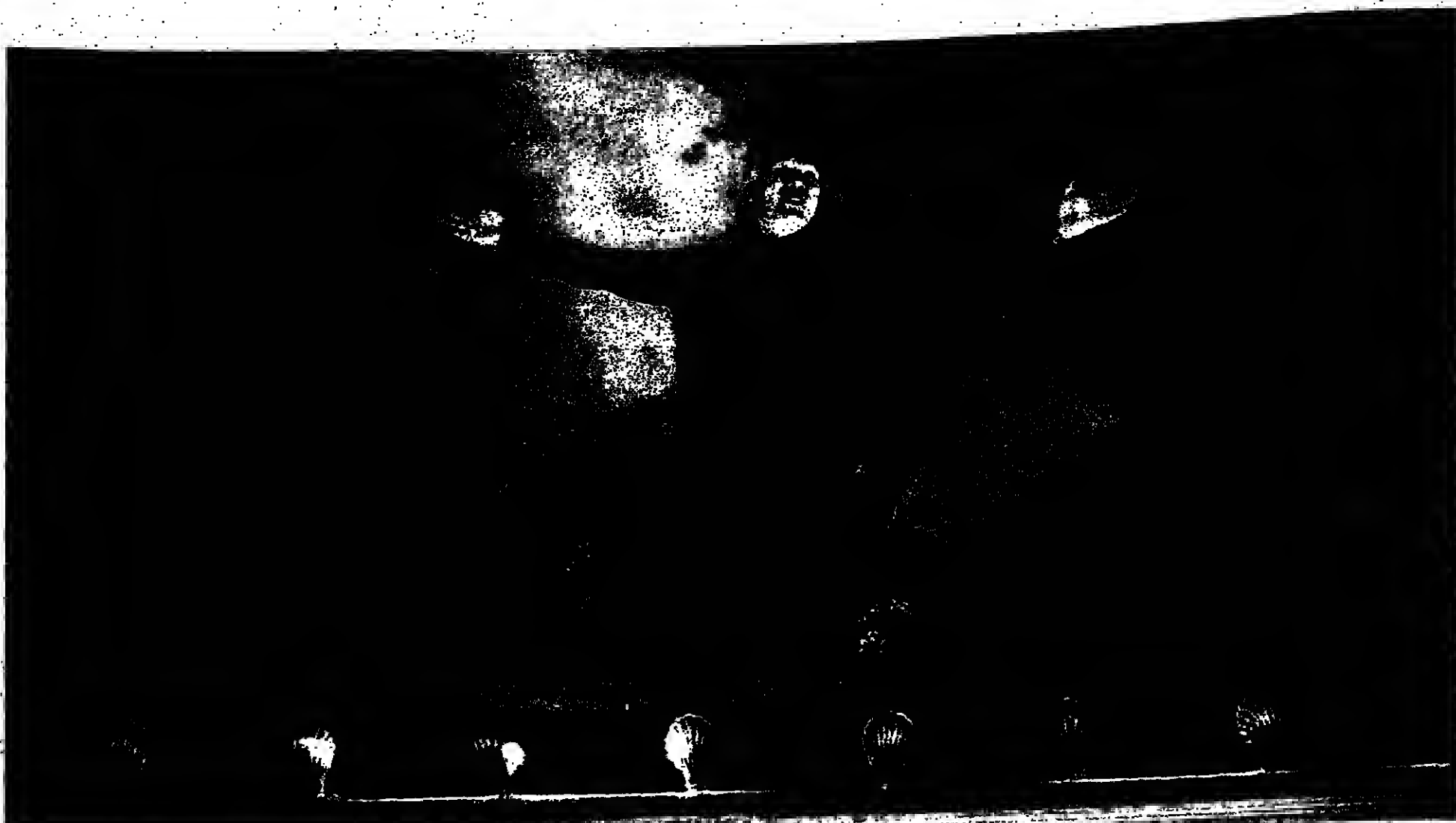
TO ADVERTISE in this section please call the Business Team on 0171 293 2742.

Legal Notices

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT No. 02376 of 1998 IN THE MATTER OF BRILLIO MANUFACTURING COMPANY OF GREAT BRITAIN LIMITED and IN THE MATTER OF THE COMPANIES ACT 1985 NOTICE IS HEREBY GIVEN that a petition was on 23 April presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital redemption reserve of the above-named Company from £594,000 to zero. And notice is further given that the said petition is directed to be heard before the Companies Court Registrar at the Royal Courts of Justice, Strand, London WC2A 2LL on 21 May 1998. Any creditor or shareholder of the said Company desiring to oppose the making of an order for the confirmation of the said reduction of the capital redemption reserve should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said petition will be furnished to any such person requiring the same by the undersigned Solicitors on payment of the regulated charge for the same. Dated: 11 May 1998 Messrs. Freshfields 45 Fleet Street London EC4A 3DF (Ref: LHM/CJT) Solicitors for the above-named Company



# History in the making as curtain goes up on magic of East End music hall



Showbiz celebrities are spearheading a campaign to refurbish a London auditorium once renowned as 'the handsomest room in town'. Louise Jury reports



**'People walk into this place and faint with amazement at the impact of it'**

**S**UPPORTERS of the world's oldest surviving music hall are asking for £5m of National Lottery money to restore the building to its former glory.

The London Music Hall Trust, whose backers include Jane Asher, Roy Hudd and Spike Milligan, hopes to raise the funds for the Wilton's Music Hall in the East End of London.

The theatre was largely unknown except among film and television location managers until earlier this year when the actress Fiona Shaw took to its stage. The theatre director Deborah Warner saw the stage and decided it would be ideal for Shaw in a presentation of TS Eliot's *The Waste Land*.

The performances, the first open to the public for more than a century, drew 15,000 people to the theatre.

The trust now hopes to capitalise on that success, applying for money to pay for renovation work which has been planned for more than 30 years.

Brian Daubney, the co-ordinator, said trust members were still working out exactly how much money was needed. Estimates vary between £5m and £6m.

Once the building was returned to the grandeur of its opening in 1858, the aim would be to run it as an educational foundation to teach people about music hall and Victorian life. "You can learn more about Victorian society from music hall than from almost any other source," Mr Daubney said.

A string of entertainers have been involved in previous efforts to get a restoration project off the ground.

Sir John Betjeman, the poet laureate, was recruited to lead a campaign to save the building when it was on the point of demolition in 1964.

Since then, Sir Laurence Olivier, Peter Sellers and Spike Milligan have all discussed rescue plans, but to no avail. Emergency works costing around £1m have kept the hall intact.

However, a string of film and television crews have used it as a set, including Lord Attenborough for *Chaplin* and Ken Russell, who filmed Vanessa Redgrave as Isadora Duncan on its stage.

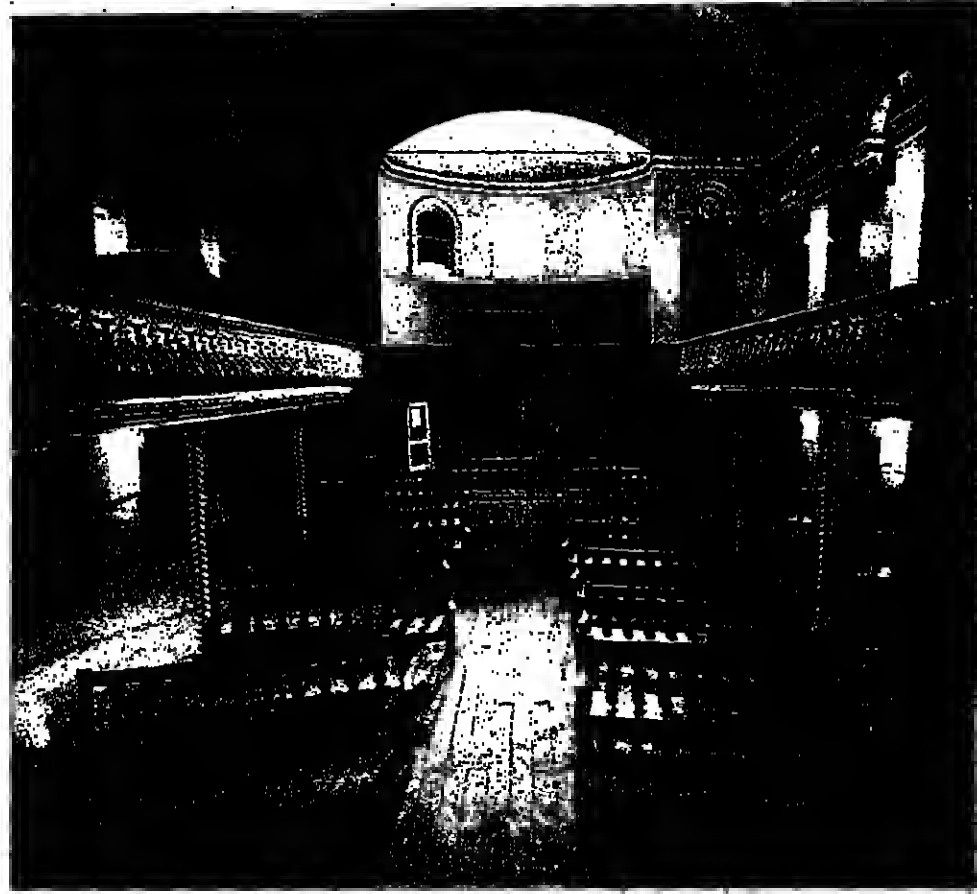
The building is 40ft high and 60ft long with a high stage designed to be clearly visible over the heads of the crowds crammed into the downstairs auditorium.

But few of its East End neighbours knew it was there when the London Music Hall Trust leafleted them about its work.

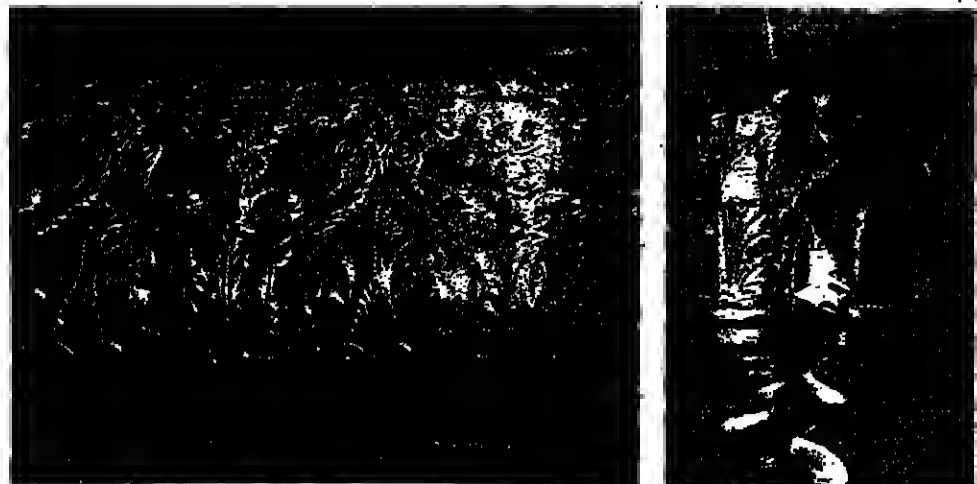
The hall lies just a few hundred yards from the Tower of London, near Cable Street, scene of the notorious battles between Jews and Mosley's *Fascists* in the 1930s.

It was built by a publican, John Wilton, alongside his pub, known as the Mahogany Bar, and was renowned in its heyday as the "handsomest room in town". But it closed at the beginning of the 1880s when it was unable to comply with new fire regulations.

"People walk into this place and faint with sheer amazement at the impact of it," Mr Daubney said.



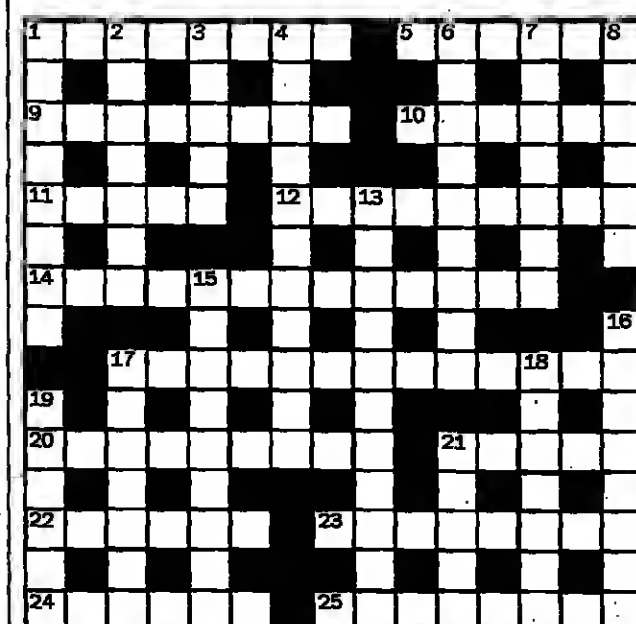
Labour of love: Brian Daubney (top), who is co-ordinating the campaign to restore the hall (above left and right) to its former glory. The interior contains an abundance of perfectly preserved period features (below) including many ornately carved wooden fittings. Bottom: Children on the specially elevated stage. Photographs: David Rose



## THE INDEPENDENT CROSSWORD

No. 3607, Monday 11 May

By Patrick



- ACROSS**
- Change of emphasis creates distortion (8)
  - None fool European into catching wild cat (6)
  - No longer quick but a definite winner? (4,4)
  - Parisian one's to stay open (6)
  - Disregards object given in honour of cardinal (5)
  - Early discipline is traditional (3,6)
  - Dynastic motivation? (6,7)
  - Game preserve - a fun place to be (9,4)
  - Doesn't believe result is false (9)
  - Scotsman's close to French city (5)
  - Imagine being in the countryside at Easter (6)

- DOWN**
- I'd come roughly about average (8)
  - Dog breed of which a number patter round (7)
  - Pledges to join wine society (5)
  - Bit of time before it becomes antique (6,5)
  - Read over lines of draft (9)
  - Allow many to admit disappointment (3-4)
  - Best friend's lost a key and gets upset (6)
  - Can do without damage to enclosures, inside (11)
  - Order lunch with English tea in Switzerland (9)
  - Family man's not happy about aggressive youth (8)
  - Worker's consuming green foodstuff (7)
  - Report current rate (7)
  - Declare a concern, verbally (6)
  - Measure temperature just outside (5)

Published by Newspaper Publishing PLC, 1 Canada Square, Canary Wharf, London E14 5DL.  
and printed at Mirror Colour Print, St Albans Road, Watford.  
Back issues available from Historic Newspapers 01988 840370  
Monday 1998 Registered as a newspaper with the Post Office

# FERMAT'S LAST THEOREM

The true story of a puzzle that confounded the world's greatest minds for 358 years.

'A magnificent story, told with infectious enthusiasm. If you enjoyed Dava Sobel's *Longitude* you will enjoy this.'

*Evening Standard*

## SIMON SINGH

'A riveting read, full of suspense, humour, history lessons and a nail-biting conclusion.'

*The Times*

Fourth Estate 4th £6.99

كتاب من الأدب